



EUROPEAN COMMISSION

DIRECTORATE-GENERAL
REGIONAL AND URBAN POLICY
Inclusive Growth, Urban and Territorial Development and Northern Europe
The Director

Brussels,
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VIA SFC2007

Subject: Observations on the Annual Implementation Report (AIR) 2012, article 67§4 of EC Regulation 1083/2006

Ref.: Operational Programmes
2007LV161PO001
2007LV161PO002

Please note that all correspondence should mention the registration number which you will find next to the date

Dear Mr Eberhards

The Commission received the Annual Implementation Reports (AIRs) 2012 for the following programmes:

- the Operational Programme "Infrastructure and Services" 2007-2013, for which the AIR has been approved in written procedure by the Monitoring Committee on 14 May 2013, was received by the Commission on 31 May 2013, and the Commission declared the AIR admissible on 12 June 2013.
- the Operational Programme "Entrepreneurship and Innovations" 2007-2013, for which the AIR has been approved in written procedure by the Monitoring Committee on 14 May 2013, was received by the Commission on 26 June 2013, and the Commission declared the AIR admissible on 8 July 2013.

In line with Article 67.4 of Regulation (EC) 1083/2006, the Commission services have now finalised the qualitative assessment of the reports and found them satisfactory.

The Commission services appreciate that the AIRs include a summary in English.

As the Annual Implementation Report plays an important role as a management tool for the current programming period and can also be used as an evaluation tool to help to prepare for the future, the Commission would like to make the following comments which should be taken into account for improving future reports:

Mr Armands Eberhards
Deputy State Secretary
Ministry of Finance
Smilšu iela 1
Riga, LV-1919
Latvia

- The implementation of the OPs is entering the closure phase and therefore the Commission considers that following AIRs should include an in-depth qualitative analysis on the achievement of objectives and targets set up in the National Strategic Reference Framework (NSRF). This analysis should be presented in a separate chapter with a global view on the impact of the programme activities on the objectives of the NSRF.
- The chapter on reporting the progress in achieving the Europe 2020 strategy targets should include a wider analysis on how the implementation of the OP priorities has contributed to the achievement of the Europe 2020 strategy targets. A table on the current situation in Latvia should also be added.
- The Commission considers that the reporting on synergies and complementarity of the actions between the different funds has improved for the AIR for the Operational Programme "Infrastructure and Services". We encourage you to continue with further improvements in both OPs and are looking forward to seeing the results of the newly created double financing risk matrix and conclusions made on this exercise.
- The Commission considers that the reporting on the OP specific result and output indicators as well as on core indicators should be further improved, especially with regard to parallel reporting of financial and output indicators. During the AIR qualitative analysis it became necessary to return both reports back to the Latvian authorities for corrections and explanation on the calculation of indicators values. We remind you that data reported in the AIR should be correct and coherent and should match with data reported in SFC2007 (in particular the core indicators).
- We invite you together with the relevant line ministries and implementing bodies to review the definitions and calculation methodologies for indicators in order to have a common understanding and the necessary information for data verification. You should analyse and verify the indicator values reported by the line ministries and implementing bodies strictly and critically before submitting them to the Commission.
- Any changes in reporting or calculation methodologies for the indicators should be communicated to the Commission before submitting the next AIRs and any changes should be appropriately highlighted and described in AIR.
- During the AIR qualitative analysis we requested additional explanations on the calculation of the OP indicator "*1 separated waste collection point for 500 inhabitants*", but after the examination of the reply a doubt remains whether for calculation of this result indicator only the number of separated waste collection points were used.
- The existing model on reporting indicators for the OP "Entrepreneurship and Innovations" should be reviewed and improved as the indicators are overlapping and the reported values are not traceable between the report and annexes.

In particular, reporting on indicators for priority 2.2. "Access to finances" does not provide the necessary data transparency. The data reported in SFC2007 are reported by FEI implementing entities, but for the reporting on OP indicators they are mostly recalculated excluding double counting of enterprises which have applied for more than one FEI product. We consider that such recalculation is correct, but in the next AIRs you should include an additional annex (in Excel format) with information similar to the data submitted in SFC2007.

We also noticed that in the chapter for reporting on the performance of priority 2.2. you refer to the achieved rates which are not traceable in the annex (example: Companies which have received guarantees: AIR=411, annex=306, SFC2007=328). We remind you that data reported in the AIR should match the data reported in technical annexes and SFC2007.

- The core indicators are an important part of the annual implementation report and are used to aggregate and report the implementation achievements of the whole EU Cohesion Policy. Therefore, the correct reporting of the core indicators and compliance with the Commission guidelines is essential.
- Latvia is monitoring and reporting on more than 150 different indicators (result, output and impact indicators) for the OP "Infrastructure and Services", although there are only around 50 indicators set up in this OP, and on more than 50 indicators for the OP "Entrepreneurship and Innovations" with only 15 indicators set up in this OP, and 6 common indicators set up in the NSRF.

The usage of such a high number of additional indicators does not necessarily improve the OP implementation and monitoring and can even have a negative impact on the strategic concentration on the most important OP targets and objectives. You are, therefore, invited to evaluate the lessons learned within this programming period and to identify the necessary improvements for the next programming period.

- We appreciate the examples of good practice that are included in the relevant AIR chapters. It is very important that success stories and good examples are presented in the AIR to demonstrate the results of the Cohesion Policy. We encourage you to continue providing good examples and success stories in the future AIRs and to include also an assessment of their contribution to the achievement of the OP objectives and/or strategic objectives of the Cohesion Policy.

To conclude I would like to thank the managing authority for its efforts and willingness to improve the Annual Implementation Reports and for the fruitful cooperation.

Yours sincerely

Charlina Vitcheva