


Explanatory document reflecting the Annual Implementation Report (AIR) on implementation progress of operational programme “Growth and Employment” in 2018 in line with comments from the European Commission¹

Subject: Commission's Observations related to Annual Implementation Report 2018, Article 50 (7) of Regulation 1303/2013

Reference: Operational Programme "Growth and Employment", CCI 2014LV16MAOP001 Annual Implementation Report 2018

No	Comment	Explanation by the Managing Authority (MA)	Corrected AIR section/subsection
1	The number of selected operations reported under the AIR Table 6 and Table 7 differ, especially, for ERDF PA2 with 41 and 89 operations and PA3 with 126 and 143 operations.	<p>The data in the AIR is reported correctly. Please see the explanation.</p> <p>In table 7 each project with expenditure split among several fields of intervention or other codes (form of finance, for example) is included under each combination of the codes. This approach was accepted by the Commission (DG REGIO) when commenting on plausibility checks of the reported data in 02.05.2018. (e-mail subject “Reply - Latvia - Financial data submitted via the SFC</p> <p align="center"></p> <p align="center">EC_plausibility checks_LV_02.05.201</p> <p>ex art 112 CPR. Plausibility checks”)</p>	-
2	The Table 6 of the AIR presents figures for declared expenditure by the beneficiaries that are lower than expenditure certified to the Commission. We kindly request to confirm the figures and/or provide explanation such as due to reporting expenditure incurred by the beneficiaries until the end of 2018 but certified to the Commission in 2019.	<p>The data in the AIR is reported correctly. Please see the explanation.</p> <p>According to the Article 112 of CPR² Member state is supposed to report “the total eligible expenditure declared by Beneficiaries to the managing authority”. In order to declare to the EC only eligible expenditure, to our understanding the expenditure becomes eligible when the MA or an institution to which such function is delegated (in Latvia - the Central Finance and Contracting Agency) approves the Beneficiary’s payment claim, excluding all ineligible and doubtful expenditure that is still being verified. Therefore, the MA reports figures approved as eligible by the Central Finance and Contracting Agency until 31.12.2018. This is the data sent to the Commission by 31.01.2019. Whereas the certified expenditure for the very purposes of reporting the achieved milestones of the performance framework cover also the payment applications</p>	-

¹ EC letter Nr. Ares(2019)5207783 of 12.08.2019.

² Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006

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		submitted to the EC until 3 rd of June 2019 including payments approved by the Central Finance and Contracting Agency in the first quarter of 2019 ³ .	
3	<p>The financial reporting Table 6 for Cohesion Fund PA4 and PA5 indicates that the value of selected operations exceeds available allocations for these priorities. Such information is inconsistent with the implementation data presented in esfondi.lv and in section 3.1 of the report.</p>	<p>The data in the AIR is reported correctly. Please see the explanation and an improved text in the AIR for the sake of clarity.</p> <p>Nationally set European Union fund co-financing rates are lower than set in the OP “Growth and employment” therefore national co-financing accounts for more than 15% of eligible costs, increasing the total eligible costs.</p> <p>Information in esfondi.lv and 3.1 section of report deals with the nationally set European Union funds co-financing rather than total eligible costs.</p>	<p>Additional information added at the end of the section 2.1.:</p> <p>“Fondu investīciju finanšu progress analizēts, ņemot vērā projektos nacionāli noteiktās ES fondu līdzfinansējuma likmes (ikmēneša progresā informācija: www.esfondi.lv/finansu-un-raditaju-plani-to-izpilde), kas atsevišķos prioritāros virzienos atšķiras no DP noteiktās – tas skaidro atšķirīgos datus ziņojuma 3.1. sadaļā un 7. tabulā.”</p>

³ In line with 19.06.2019. “Guidance for Member States on Performance framework, review and reserve”: In case of the financial indicators the value reported as achieved by the end of 2018 may correspond either only to the amount of eligible expenditure certified by the certifying authority and included in payment claims submitted to the Commission by 31 December 2018 or – in addition – also to the amount of payment claims submitted to the Commission in 2019, which correspond to the expenditure incurred by beneficiaries in 2018, but not necessarily paid back by the managing authority to the beneficiary within 2018.

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4	The total eligible cost of operations selected for support by the financial instruments in Section 8 of the report differ from the figures reported under Article 112 for ESI Funds contributions committed for financial instruments (codes 03,04,05 under 'form of finance' categories of intervention).	<p>The data in the AIR is reported correctly. Please see the explanation.</p> <p>Difference occurs because SFC2014 has an automatic check regarding Section 8, which does not allow to send the data if the financing at the intermediary level does not correspond to the main Fund of funds agreement level (SFC2014 returned Error Code 2.136 '<i>Visu fondu fonda īpašā fonda elementu 14 summai jābūt <= elementu 14 galvenajā fondu fondā. Galvenais fondu fonds: Altum Fondu fonds, elementu 14 summa: 184 610 230,27, elements 14 galvenajā Fondu fondā: 125 459 527,28</i>'). Although the Fund of funds agreement includes lower total investment (agreement sets minimum contribution of private financing but does not fix upper boundary of private investments) amount, at the intermediary level the numbers exceed main agreement due to higher private financing. Values reported under Article 112 are in line with the Fund of funds agreement.</p>	-
5	We note that for the investment priority 3a indicators CO01, CO03, CO05, CO07 the implemented values already exceed the presented selected values. We invite the managing authority to consider updating the selected values for these indicators by integrating the already implemented values into them, if possible.	<p>The data in the AIR is reported correctly. Please see the explanation.</p> <p>Taking into account that the programming period is still in active implementation phase and actually achieved (fully implemented) indicator values might change as well as show positive over-achievement, MA at this stage does not consider to request the Central Finance and Contracting Agency to agree with the Final Beneficiaries on increasing the values within the project contracts (selected values). However, MA and the responsible ministries will keep monitoring the situation.</p>	-
6	We would appreciate if additional information could be provided under Part B.11 of the report on the participation in measures of migrants and participants with foreign background.	<p>Please see additional information provided by the responsible institutions.</p> <p>In 2016 Latvia began hosting asylum seekers within the framework of the resettlement programme of the EU.</p> <p>A number of support measures were created and extended for both asylum seekers and persons who have benefited from refugee or alternative status in order to help them cope with the crisis and to promote socio-economic inclusion. The service of a social worker and social mentor is provided for both: (1) to asylum seekers who need international protection and who have arrived in Latvia independently and (2) to persons who have acquired refugee or alternative status and reside in Latvia.</p> <p>Between 6th April, 2016 and 31st July, 2019 a total number of 863 individuals received social worker and social mentor services (received socio-economic support), of which 528 men and 335 women and 37% children under 18.</p> <p>Over four years social workers have prepared and implemented the socio-economic inclusion plan of 863 persons (342 in 2016, 316 in 2017, 128 in 2018 and 77 in 2019 (until 31 July).</p> <p>Support to asylum seekers:</p> <ol style="list-style-type: none"> 1. identified primary basic needs; 	-

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		<p>2. provided humanitarian assistance through visits to humanitarian services (purchase of clothes, footwear and household items);</p> <p>3. Latvian language training and integration programmes;</p> <p>4. raising awareness of life in Latvia and jointly visiting various cultural events;</p> <p>5. support for day-to-day situations;</p> <p>6. support for the completion of formalities for appeal decisions;</p> <p>7. support for the acquisition of municipal skills;</p> <p>8. children of asylum seekers visited schools and pre-primary education institutions, as well as have been accompanied to schools for the first training days, organized individual meetings for parents in schools;</p> <p>9. activities relevant to the promotion of integration in society (e.g., in conjunction with families, visits to the Zoo, museums, cinema, cultural and artistic activities, etc.).</p> <p>Assistance provided to persons with refugee or alternative status:</p> <p>1. raising awareness of living in Latvian society;</p> <p>2. - arrangement of identity documents (in the Office of Citizenship and Migration Affairs, etc.);</p> <p>3. finding of residential accommodation, meetings with apartment owners, entering into rental contracts, declared places of residence;</p> <p>4. in dealing with daily situations (procedures for making public payments, familiarity with the surrounding environment of the place of residence, etc.);</p> <p>5. seeking jobs and visiting employers;</p> <p>6. registration in the State Employment Agency of Latvia;</p> <p>7. help in opening a bank account and using an online bank;</p> <p>8. promoting an acquisition of the Latvian language;</p> <p>9. by registering with a family doctor;</p> <p>10. registering with social service;</p> <p>11. placement of children in pre-primary and general education institutions;</p> <p>12. arranging documents for the child's custody;</p> <p>13. jointly visited sports, cultural and artistic events;</p> <p>14. dealing with everyday situations and acquiring new key competences;</p> <p>15. non-programme activities relevant for the purpose of promoting integration in society (e.g., in conjunction with families, visits to the Riga Zoological Garden, The Latvian Museum of Natural History, open-air events, etc.).</p> <p>When a refugee, asylum seeker or person with alternative status arrives in Latvia and gains alternative status, then in accordance with Cabinet Regulations No. 102⁴ they must be provided by</p>	

⁴ <https://likumi.lv/ta/id/280230-darbibas-programmas-izaugsmes-un-nodarbinatiba-9-1-4-specifiska-atbalsta-merka-palielinat-diskriminacijas-riskiem-paklauto>

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		<p>the abovementioned services for a maximum of 12 months. The provision of the service is discontinued at the end of period of the support (up to 12 months), if the asylum seeker, refugee or person with alternative status leaves Latvia or refuses to cooperate.</p> <p>The number of persons receiving services directly depends on external factors, i.e. the actual number of resettled persons, the number of persons who have been granted refugee or alternative status etc. As the actual number of asylum seekers and average length of stay in Latvia is lower than prognosed, in order to ensure efficient use of EU funding the total financing of the measure has been reduced (by 350 000 EUR) and cost items of eligible expenditure have been revised by amending the Cabinet Regulations No. 102 on 11th of June, 2019. At the same time, the available financing will allow to provide needed services of a social worker and social mentor to all asylum seekers and persons with refugee or alternative status.</p> <p>Basic tasks and responsibilities of the social worker:</p> <ol style="list-style-type: none"> 1. developing individual socio-economic inclusion plans for each client (individual, family, and couple); 2. to ensure the management of a social case in accordance with the Latvian Code of Ethics for Social Workers; 3. to manage a social case in accordance with the theoretical and practical guidelines of social work in the case of social work; 4. to conduct a first-time interview with the customer(s) within 3 (three) working days of the arrival of the client at the Centre for Asylum Seekers 5. evaluating the customer's problem situation and helping to find solutions for problems; 6. to ensure the development of a customer's social support network in order to find solutions to interrelations, interaction, and social role and care problems; 7. to provide the person with emotional and practical support in contact with other natural and legal persons, including practical activities to help establish children in educational establishments (school, nursery, etc.); 8. to represent the interests and rights of the client in other institutions; 9. to cooperate in the management of a social case with the Office for Citizenship and Migration Affairs, the PMC, the State Employment Agency and other bodies specified in the Action Plan; 10. developing cooperation with other social service providers, employment, education and healthcare institutions and other institutions involved in addressing the client's social problem in order to obtain comprehensive feedback on the customer's social problem identification/response statistics/trends, including dynamics; 11. to monitor the work of a maximum of 6 (six) social mentors and to ensure coordination between social mentors; 	

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		<p>12. to organize regular meetings with social mentors, to support the social incident management process;</p> <p>13. to organize cooperation with interpreters for communication with the client.</p> <p>Basic tasks and responsibilities of the social mentor:</p> <ol style="list-style-type: none"> 1. to cooperate with a social worker; 2. to provide practical support to the client in the execution of the socioeconomic inclusion plan; 3. to provide support in the process of client integration and socio-economic integration, by raising awareness of life in society, by helping to acquire the necessary daily skills in a real society environment, by encouraging the development of new skills, and by providing support for the day-to-day situations; 4. to assist the client in identifying and evaluating needs, identifying, attracting and recommending the necessary resources, while respecting the self-determination of the client; 5. to provide the customer with support in contact with other natural and legal persons; 6. to provide support to the client in dealing with daily situations, using the resources of his or her knowledge, the resources available in the environment; 7. to identify the situation and provide a possible solution in cooperation with the customer or the family of the client; 8. to assist the client in finding a place of residence, declaring and getting to the place where he or she is learning (starting training), working (starting a business relationship or receiving services (starting to receive services); 9. to cooperate with interpreters for communication with the client; 10. to cooperate with the Office of Citizenship and Migration Affairs, the PMC, the State Employment Agency and other bodies identified in the Action Plan. <p>Additional information on the service provided to asylum seekers and refugees is available on the website of Society Integration Foundation:</p> <p>in Latvian http://www.sif.gov.lv/index.php?option=com_content&view=article&id=10060%3ASocialekonomiskais-atbalsts-patveruma-mekletajiem-un-personam-ar-begla-vai-alternativo-statusu&catid=2%3Afonds&Itemid=256&lang=lv</p> <p>in English: http://www.sif.gov.lv/index.php?option=com_content&view=article&id=10617&Itemid=256&lang=en</p>	

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The MA information on some corrections in the AIR.			
7	In the Section “3 Implementation”, Table 5: “Information on the milestones and targets defined in the performance framework”, achieved value for Priority axis 1 indicator S121 (Noslēgtie līgumi ar finansējuma saņēmēju par projektu ieviešanu) from 42 to 56 has been corrected. Indicators achieved value is created from two specific objectives – 1.2.1 (Private sector R&D investments) and 1.2.2 (Innovations in enterprises). The MA noted teh technical error after submission of the AIR - value from 1.2.2 (14) wasn’t included in the initial version of the report.		3. Implementation of the priority axis Changed value for priority axis 1, indicator S121 - 56
8	<p>Correction of technical mistake.</p> <p>After the submission of the AIR, the Central Finance and Contracting Agency noticed the technical error in the payment application for Cohesion Fund (submitted to the EC 03.06.2019.) Latvia reported expenditure, which covers 2019 (EUR 752 834.78) instead of the correct value for 2018 (708 233,83 EUR)⁵ concerning the project No 6.1.5.0/18/I/001 “Valsts galvenā autoceļa A2 Rīga - Sigulda - Igaunijas rob. (Veclaicene), km 88,10 – 95,20 segas pārbūve ” payment claim No 2. The difference between these two amounts is 44 600,95 EUR. However, this mistake does not have any impact on the results of achieved performance framework targets for 2018. The MA has corrected the AIR for ensuring the correctness of data.</p>		<p>Table 5: Information on the milestones and targets defined in the performance framework</p> <p>Table 6: Financial information at priority axis and programme level</p> <p>Changed value for priority axis 6 (CF), indicator F10 – 280 291 067,50 EUR</p>

⁵ For the purposes of reporting the achieved values of the performance framework financial values on 3th June, 2019 Latvia submitted to EC the last interim payment application for the expenditure of the ERDF, CF and ESF projects for accounting year 5. This payment application is applicable also to the AIR submitted in 2019. As agreed with the EC, Latvia chose to include in the interim payment application only the expenditure for works/actions carried out by the Beneficiaries by the end of 2018 and this had to be reported in the AIR similarly. The other expenditure for 2019 was manually excluded from the payment application.