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COMMISSION DECISION

of 2004 on the financial contribution of Transition Facility for strengthening institutional capacity to Latvia

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to the Act of Accession 2003, in particular Article 34 thereof,

Whereas:

- (1) Article 34 of the Act of Accession provides the possibility of granting a temporary financial assistance, the Transition Facility, to the new Member States to address the continued need for strengthening institutional capacity in certain areas through actions which cannot be financed by the Structural Funds.
- (2) The actions funded by this Decision in the areas of free movement of goods, statistics, social policy and employment, energy and environment, justice and home affairs and administrative capacity are eligible for funding according to Article 34(2) of the Act of Accession.
- (3) Pursuant to Article 34(4) of the Act of Accession, the Transition Facility is implemented in accordance with Article 53(1)(b) of Council Regulation 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.
- (4) An Implementing Agency should be designated complying with the criteria set out in Article 164 of the Financial Regulation and having adequate staff resources. The Commission has satisfied itself in the context of preparation for conferral of management of aid provided under Phare, as well as through a number of other checks, that those criteria are fulfilled by the Central Finance and Contracting Agency.
- (5) The measures provided for by this Decision are in accordance with the opinion of the Committee on Aid for Economic Restructuring in certain countries in Central and Eastern Europe, rendered on 17/06/2004,

HAS ADOPTED THIS DECISION:

Article 1

The Commission approves a financial contribution of €6,679,100 as Transition Facility to the Republic of Latvia to finance projects set out in point 4 of the Annex.

Article 2

1. This Decision shall be implemented on a decentralised basis, in accordance with the Memorandum of Understanding on the Implementation of the Transition Facility, signed with the Republic of Latvia on 13/09/2004.
2. The Central Finance and Contracting Agency shall be Implementing Agency for the Programme.

Article 3

1. Contracts covered by the financial contribution shall be signed no later than 15 December 2006.
2. The deadline for execution of contracts shall be 15 December 2007.

Article 4

This Decision is addressed to the Republic of Latvia.

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

ANNEX

FINANCING PROPOSAL ON THE IMPLEMENTATION OF THE TRANSITION FACILITY IN LATVIA FOR 2004

1. IDENTIFICATION

Beneficiary	The Republic of Latvia
Programme	Transition Facility National Programme 2004
CRIS-Number	2004/006-245-01-01 to 2004/006-245-06-02
Year	2004
Cost	€ 6,679,100 (Total value of the actions to be financed from the Transition Facility).
Implementing Authority	Ministry of Finance of the Republic of Latvia
Expiry Date	Contracting: 15 December 2006 Execution of contracts: 15 December 2007
Sector Code	2004/000-000/01 – 88190; 2004/000-000/02 – 16362; 2004/000-000/03 – 16110; 2004/000-000/04 – 88230; 2004/000-000/05 – 15030; 2004/000-000/06 – 40000, 88120.
Budget Line	22 03 01
Commission Task Manager	Gudrun Scheffer

2. SUMMARY

The Transition Facility programme 2004 for the Republic of Latvia comprises six priority objectives in support of the Latvian Government's efforts to address weaknesses in the administrative and institutional capacity identified during the monitoring exercise, notably the Comprehensive Monitoring Report, as well as various Peer Reviews.

The priority objectives addressed by ten individual projects will include: *Free movement of goods, Statistics, Social Policy and Employment, Energy and Environment*, as well as *Justice and Home Affairs*.

Almost a third of the programme is planned to cover the field of *Justice and Home Affairs*. To this end, the Ministry of Justice itself will benefit from assistance to

improve its internal management organisation. Another project will further strengthen the Latvian judiciary system by providing training for legal practitioners and develop a dispute resolution system.

In the area of *Social Policy and Employment* support will be given to further strengthen the system of health and safety at work. Under the priority of *Free Movement of Goods*, the public procurement system will be reinforced to complete alignment with the new directives as well as to develop the electronic procurement system. Food control has been covered by previous EU assistance, but the areas of beverages and specific food still remain to be addressed. In the field of *Energy and Environment*, a project aims at improving radioactive waste management and nuclear decommissioning activities, and another project will develop environmental data reporting on various sources of pollution. The programme will also contribute to further strengthen the capacity of the Latvian Statistical Bureau in certain subject matter divisions dealing with social and demographic as well as environmental data.

As under Phare, the priority *Overall administrative capacity* will comprise an unallocated Institution Building Facility for twinning light, but not exclusively, and a project in support of programme evaluation.

The national programme for the Transition Facility 2004 thus amounts to **€6,679,100**.

3. STRATEGY

The objective of the Transition Facility is to continue to provide assistance to the new Member States in areas where their administrative and institutional capacity still shows some weaknesses in comparison with present Member States in the field of *acquis* transposition. The Transition Facility should provide the tools to react rapidly and precisely to weaknesses identified through the monitoring exercise. It is based on Article 34 of the Act of Accession establishing the Transition Facility, which sets out the basic orientation for its implementation. Article 34 AA states that “assistance shall address the continued need for strengthening institutional capacity in certain areas through actions which cannot be financed by the Structural Funds...”.

The Comprehensive Monitoring Report of November 2003 and Peer Reviews carried out in 2003 and 2004 highlight a number of areas where further improvements need to be made in order to develop the administrative and institutional capacity to implement and enforce the *acquis*.

The Transition Facility programme 2004 for Latvia is based on a rigorous selection of projects. Only those projects have been included which seemed suitable in terms of relevance to the *acquis*, timeliness and quality of the presentation. The current programme also covers new *acquis*. The projects proposed are *acquis* related, institution building projects which can not be financed by other instruments such as the Structural Funds or the Schengen Facility. Some projects may contain small equipment considered to be essential for and directly related to the implementation and enforcement of the *acquis*. Attention has also been paid to co-ordinate with past and ongoing assistance to avoid duplication as well as to build on the results achieved under pre-accession assistance.

The projects have taken account of the experience gained during the implementation of previous projects in a specific sector. Lessons Learned are generally drawn on a

case by case basis and the relevant information is included in each project fiche. Where appropriate, projects are supported by relevant strategy and concept papers.

Nearly all actions will be implemented by twinning or comprise a twinning light component.

4. OBJECTIVES, DESCRIPTION AND CONDITIONALITY

Objective 1: FREE MOVEMENT OF GOODS

2004/006-245-01-01 Public Procurement System Strengthening

Twinning LV/2004/EC/01

Latvia is aligning legislation in the utilities sector with the new public procurement directives. In the field of the classical sectors, legislation is aligned with the existing directives. Latvia needs support to complete alignment to the new directives and to strengthen its current public procurement system.

The project is to assist the Latvian Public Procurement Monitoring Bureau to revise and align legislation in the classical sectors to the requirements of the new public procurement directives. This will include the necessary implementation instruments as well as training. With regard to the utility sector, the project will also deliver the relevant training and training materials. The project will also provide for the e-procurement system.

2004/006-245-01-02 Food Control: Beverages and Specific Food

Twinning Light LV/2004/EC/02

In Latvia many small producers of beverages still produce with outdated equipment. The current systems of sampling methods for quality testing need to be modernised. Therefore, inspections of these producers need to be improved to ensure efficient and uniform controls inter alia according to HACCP principles. The main beneficiary of the project will be the Food and Veterinary Service designated as the inspection body for drinking water, natural mineral water, spring water and other beverages.

The project is aimed to improve and strengthen the testing system for different kinds of beverages in terms of methods, up-to-date training to enhance the capacity of inspectors as well as testing equipment. The project will also provide for training on the laboratory equipment to be procured. Emphasis is also put on training regarding HACCP systems. The project is also to strengthen the capacity in the field of specific foods.

Objective 2: STATISTICS

2004/006-245-02-01 Central Statistical Bureau, strengthening capacity in particular subject matter divisions

Twinning LV/2004/FI/01

The growing demand for statistical data on demography, social and environmental statistics requires shortening the time lag for data capture and processing as well as

assurance of total quality of data and processes. Development of data collection and capture technologies are an essential approach for strengthening the capacity and infrastructure of the interviewer service of the Latvian Statistical Bureau. The project contributes to the overall objective of providing a reliable statistical basis for proper analysis and decision making.

Specifically, the project aims at strengthening statistical capacities and infrastructure in the field of social and demographic as well as of environment statistics in accordance with existing and new *acquis*. The activities of the project will also involve the Ministry of Environment and its subordinated institutions in view of the compilation of environmental accounts and statistics. As for statistics on living and income conditions, the involvement of the Ministries of Finance and Welfare and relevant subordinated bodies will be essential.

Objective 3: SOCIAL POLICY AND EMPLOYMENT

2004/006-245-03-01 Further Development of Occupational Health and Safety System

Twinning LV/2004/SO/01

A properly functioning system of occupational health and safety has not yet been fully established in Latvia. Previous support mainly concentrated on specific, very concrete issues and individual pieces of legislation. This project, albeit building on previous assistance is to take a more global view, so as to provide adequate tools to strengthen implementation capacity. It will inter alia help the State Labour Inspectorate, in cooperation with other involved bodies, to develop the competencies to cope with the considerable amount of legislation adopted. Therefore, a common development strategy involving all major actors such as policy makers, control and supervision bodies and research and training institutions needs to be put into practice.

The project aims at reinforcing the application of the occupational health and safety legislation and at further promoting awareness among employers and employees regarding occupational health and safety issues. Specifically, the project is designed to a) develop a national action plan on occupational health and safety as a basis for further development of the system; b) strengthen the Institute of Occupational and Environmental Health for its future role of National Institute of OHS, c) develop new training programmes for the State Labour Inspectorate inter alia by following a sectoral approach; and d) provide training and promote awareness of the employers and employees at enterprise level on health and safety matters at work. The project will also involve the Latvian Free Trade Union Confederation and the Latvian Employers' Confederation. For the investment part national co-financing will be earmarked in the national budget. The start of component 2 is conditional upon elaboration of a business plan for the Institute of Occupational and Environmental Health.

Objective 4: ENERGY AND ENVIRONMENT

2004/006-245-04-01 Radioactive Waste Management and Reactor Decommissioning

Twinning LV/2004/NS/01

The overall objective of the project is to regulate exposure of the general public to ionizing radiation. The project is to assist the State Radioactive Waste Management Agency (RAPA) to upgrade its administrative capacity so as to be able to ensure safe handling of radioactive waste and to ensure the safe decommissioning of the research reactor.

Specifically, the project will include a review of the managerial structure of the RAPA to prepare for the implementation of the Council Directive 2003/122/EURATOM of 22 December 2003 on the control of high-activity sealed radioactive sources, increasing capacities in the waste transportation area, as well as the upgrading of the decommissioning plan. The project is conditional upon adequate co-financing earmarked in the national budget.

2004/006-245-04-02 Data Reporting on Acidification, Eutrophication and Integrated Pollution

Twinning LV/2004/ENV/02

Latvia has to ensure control and prevention of integrated pollution from industrial production in accordance with the requirements of EU Directive 96/61/EC. This involves a permit system on polluting activities by enterprises and annual reporting. Latvia has to fulfil its reporting requirements to the European Pollutant Emission Register (EPER) in 2006 for the year 2004.

The aim of the project is to set up the capacity to collect, analyze and report data on acidification, eutrophication and integrated pollution. To this end, the relevant data bases and guidelines for the national control and prevention system on integrated pollution have to be developed to fulfil reporting requirements to the EU and other international institutions.

Specifically, the project aims at a) the creation of a Latvian pollutants register in accordance with the EPER; and b) developing the surveying, mapping and reporting of critical loads for acidification and eutrophication. The beneficiary will be the Latvian Environment Agency subordinated to the Ministry of Environment. The project is conditional upon co-financing from the state budget and on relevant legislative acts adopted and in force.

Objective 5: JUSTICE AND HOME AFFAIRS

2004/006-245-05-01 Ministry of Justice

Twinning LV/2004/JH/01

The Ministry of Justice is responsible for ensuring smooth functioning of the judicial system which becomes ever more important in view of Latvia's accession to the EU. The current administrative capacity of the Ministry of Justice regarding its budgetary and human resource management needs to be improved so as to be in a position to cope with current and future requirements.

This project is designed to introduce a human resource management and training programme and to establish a proper performance and budget framework in line with the requirements of sound financial management. Specifically, the project includes a) an overhaul of the latest strategic plan regarding the operation of the financial

services of the Ministry of Justice in line with national priorities and European best practice and b) a long term strategic plan for the human resources services of the Ministry including operating guidelines, development of training curricula for management and staff.

2004/006-245-05-02 Dispute Resolution Systems and Training for Legal Practitioners

Twinning LV/2004/JH/02

The situation regarding pending court cases has generally improved, but remains still a problem, in particular regarding civil cases. The Latvian Government considers that the introduction of dispute resolution as part of the judicial system might be an effective way to reduce the backlog in court cases. As regards the training of judges and other legal professions, training has continued, but needs to be intensified notably in EC law and human rights issues.

The project is to contribute to improving the overall functioning and capacity of the judiciary. Specifically, it is to provide for alternative methods of dispute resolution and for a comprehensive training strategy as well as training to legal practitioners on the application of EU and international law.

Objective 6: OVERALL ADMINISTRATIVE CAPACITY AND PROGRAMME EVALUATION

2004/006-245-06-01 Institution Building Facility

Twinning Light LV/2004/IB/XX/06

The Institution Building Facility shall provide the possibility to respond, in a flexible way, to needs which arise between Financing Decisions in order to address specific self-contained institutional issues of limited scope, i.e. the structures are not complex and existing ones need little adjustment. The projects will be selected according to relevance and quality in order to address remaining institutional capacity weaknesses in the Latvian administration. The projects will be implemented by means of twinning light. Only in those cases where twinning light does not seem to be appropriate, projects may be implemented by technical assistance.

2004/006-245-06-02 Evaluation of EU-funded Measures

According to *acquis* of Chapter 28 and related principles of Sound Financial Management Latvia needs to build the capacity for monitoring and evaluation of Community funds. Commission Regulation 2342/2002 stipulates that aid programmes shall be periodically evaluated during their implementation to allow the evaluation findings to be taken into account for any further actions.

The project is to assist the Latvian Government in its task to provide for the evaluation of the Transition Facility Programme. Specifically, it will provide for a series of Interim Evaluation reports on all sectors supported by the Transition Facility programme.

Programme Conditionality

The Latvian Government will ensure that co-financing in accordance with the details included in the project fiches will be available in time. Unless otherwise specified in the project fiche, co-financing for services and supply contracts should be joint co-financing and the ratio between the Transition Facility and the national amount has to be applied to the final contract price.

5. BUDGET (*all amount in €*)

CRIS number	Objective	Transition Facility		TOTAL €
		Institution Building (IB)	Investment (INV)	
<u>2004/006-245-01</u>	<u>Objective 1:</u> Free Movement of Goods - 01 Public Procurement System - 02 Food Control (Beverages and Specific Food)	325 000 340 300	195 000 67 500	520 000 407 800
<u>2004/006-245-02</u>	<u>Objective 2:</u> Statistics - 01 Central Statistical Bureau – Strengthening Capacity in Particular Subject Matter Divisions	557 000	101 000	658 000
<u>2004/006-245-03</u>	<u>Objective 3:</u> Social Policy and Employment - 01 Further Development of Occupational Health and Safety	762 500	226 500	989 000
<u>2004/006-245-04</u>	<u>Objective 4:</u> Energy and Environment - 01 Radioactive Waste Management and Reactor Decommissioning - 02 Data Reporting on Acidification, Eutrophication and Integrated Pollution	300 000 337 500	99 250 108 750	399 250 446 250
<u>2004/006-245-05</u>	<u>Objective 5:</u> Justice and Home Affairs - 01 Ministry of Justice - 02 Dispute Resolution Systems and Training of Legal Practitioners	1 231 000 727 800	0 0	1 231 000 727 800
<u>2004/006-245-06</u>	<u>Objective 6:</u> Overall Administrative Capacity and Programme Evaluation - 01 Institution Building Facility - 02 Evaluation of EU Funded Measures	1 000 000 300 000	0 0	1 000 000 300 000
	TOTAL	5 881 100	798 000	6 679 100

Co-financing for Institution Building projects is provided by the beneficiary bearing certain infrastructure and operational implementation costs, through financing the human and other resources, required for effective and efficient absorption of Transition Facility assistance.

Investments in small equipment must receive co-financing from national public funds. The Community contribution may amount to up to 75 % of the total eligible¹ public expenditure.

6. SPECIAL CONDITIONS

In the event that agreed commitments are not met for reasons which are within the control of the Government of Latvia, the Commission may review the programme with a view, at the Commission's discretion, to cancelling all or part of it and/or to reallocate unused funds for other purposes consistent with the objectives of the Transition Facility.

¹ Subject to Rule 7 of the Annex to Commission Regulation (EC) No. 1685/2000, OJ 193, 29.7.2000, p. 39. Regulation as last amended by Regulation (EC) No. 448/2004 (OJ L72, 11.3.2004, p.66).