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NATIONAL AUDIT REPORT
OF REPUBLIC OF LATVIA

28.12.2016.

No 2.4.1-14/2016

Parallel regulatory and performance audit on

**“Contribution of the Structural Funds to the Europe 2020 Strategy in the Area of
Education”**

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Overview of National Audit

Audit Description, Criteria and Methods

Aim of the audit

1. In accordance with the Audit Plan developed by the Core Group,¹ the objectives of this Parallel Audit are to:
 - 1.1. gain insight into how EU funds will contribute to the achievement of the Europe 2020 headline targets to establish the potential effectiveness of the EU funds;
 - 1.2. make conclusions on the start of the programming period 2014–2020 with an aim to determine and provide proposals in relation to the end of the programming period 2014–2020; and
 - 1.3. compare approaches used by Member States and identify good practices for the implementation of the programming period 2014–2020.
2. The objective of the audit conducted by the State Audit Office is to assess whether ESF and ERDF interventions in the area of education during the programming period 2014–2020 are designed and implemented to effectively contribute to the Europe 2020 strategy in the area of education.
3. The Audit Plan² sets the main audit question for the parallel audit: “Are actions to be implemented within the framework of ESF and ERDF designed and implemented to effectively contribute to the Europe 2020 strategy in the area of education and is this supported by initial results?”

Legal justification of the audit

4. The parallel regulatory and performance audit “Contribution of the Structural Funds to the Europe 2020 Strategy in the Area of Education” was conducted in accordance with the 2016 Action Plan of the State Audit Office, Audit Task No. 2.4.1–14/2016 of the First Audit Department of 2 May 2016, and amendments of 1 August 2016 by the Fourth Audit Department.
5. The audit was conducted within the framework of the Working Group on Structural Funds VII of the EU Contact Committee, which was assigned to conduct the parallel audit “Contribution of the Structural Funds to the Europe 2020 Strategy in the Areas of Education and/or Employment” within the period from September 2015 to October 2017 in cooperation with supreme audit institutions of 12 countries (Czech Republic, Denmark, Estonia, Finland, Germany, Italy, Latvia, Malta, Netherlands, Poland, Portugal and Slovakia). The parallel audit was conducted by the representatives of supreme audit institutions of Germany, the Netherlands and the Republic of Malta.
6. The audit was conducted by the head of the audit group Nataľja Mihailova, Acting Head of the Third Sector of the Fourth Audit Department and Žaneta Ailte, State Auditor of the First Sector of the First Audit Department.

¹ Clause 4.1 of the Audit Plan of the Parallel Audit “Contribution of the Structural Funds to the Europe 2020 Strategy in the Areas of Education and/or Employment” of 2 June 2016 carried out by the Working Group on Structural Funds VII of the EU Contact Committee.

² Clause 4.1 of the Audit Plan of the Parallel Audit “Contribution of the Structural Funds to the Europe 2020 Strategy in the Areas of Education and/or Employment” of 2 June 2016 carried out by the Working Group on Structural Funds VII of the EU Contact Committee.

Responsibility of Auditors and the Audited Entity

7. The auditors of the State Audit Office are responsible for the provision of a report based on respective, sufficient and credible audit evidences acquired during the audit.
8. The Ministry of Education and Science is responsible for the observation of regulatory enactments and accuracy of the information provided to auditors.

Audit Scope and Limitations

9. The audit has been carried out according to the international audit standards acknowledged in the Republic of Latvia.
10. The audit was planned and conducted in accordance with the Audit Plan approved by the Core Group³, determining the following:
 - 10.1. inspections shall be carried out for the EU structural funds programming period 2014–2020;
 - 10.2. supreme audit institutions may choose to inspect the area of education or employment, or both of them. The State Audit Office of the Republic of Latvia carried out inspections in the area of education;
 - 10.3. the selection shall include projects in the area of education approved by 30 June 2016.
11. The audit was planned and conducted so as to gain sufficient assurance regarding the following with regard to the 8th priority axis “Education, Skills and Lifelong Learning” of the Operational Programme “Growth and Employment”:
 - 11.1. whether investment priorities include the resolving of problems identified in the area of education;
 - 11.2. whether included financial, output and result indicators set in 18 SOs (specific objectives) are justified;
 - 11.3. whether problems defined in each investment priority are related to actions to be implemented and indicators to be achieved;
 - 11.4. whether assessment criteria set within the framework of SOs are aimed at possible effectiveness and expediency;
 - 11.5. whether monitoring carried out by the Managing Authority and the Responsible Institution over the achievement of set indicators is sufficient;
 - 11.6. whether approved projects contribute to the achievement of result indicators set in SOs and the achievement of targets determined by the Europe 2020 strategy.
12. The audit was conducted for the period from 1 January 2014 to 31 August 2016.
13. The scope of the audit included the Ministry of Education and Science as a responsible institution in the EU structural funds and Cohesion Fund programming period 2014–2020 in the area of education.
14. The evaluation of auditors for questions set by the Core Group, which had to be assessed according to set criteria, is presented in Annex 1.

³ Audit Plan of the Parallel Audit “Contribution of the Structural Funds to the Europe 2020 Strategy in the Areas of Education and/or Employment” of 2 June 2016 carried out by the Working Group on Structural Funds VII of the EU Contact Committee.

Audit Methods

15. The following main methods were used in the audit:
 - 15.1. assessment of policy planning documents in the area of education and in the EU funds programming period 2014–2020;
 - 15.2. assessment of requirements set forth in external regulatory enactments in the EU funds programming period 2014–2020;
 - 15.3. assessment of guidelines and methodologies prepared by the Managing Authority in the EU funds programming period 2014–2020;
 - 15.4. performance of interviews with the representatives of the Managing Authority, the Responsible Institution and the Cooperation Institution.

Main Conclusions

SAI's Assessment of the Design of OPs

16. In general, the work performed by the Ministry of Education and Science in preparing the 8th priority axis “Education, Skills and Lifelong Learning” of the Operational Programme “Growth and Employment” has been sufficient, yet the following deficiencies have been established in certain cases:
 - 16.1. three descriptions of specific objectives fail to provide the detailed assessment of problems and needs, wherewith there is a risk that in the event no detailed assessment of needs is performed prior to the introduction thereof, planned actions to be supported will be ineffective for solving the referred to problems;
 - 16.2. no detailed calculation for the financing of EUR 376,374,175, i.e. 63% of the total financing planned for the 8th priority axis “Education, Skills and Lifelong Learning”, is specified for seven specific objectives from the financing planned for 18 specific objectives, which can cause a risk that the financing will not be purposefully used and no planned results will be achieved;
 - 16.3. deficiencies in the determination of indicators have been established for 12 out of 27 set output indicators, including the following: no detailed justification for the determination of indicators is provided for certain indicators and indicators have been calculated based on the amount of financing available for a specific objective, rather than taking into account the needs of target groups that require support;
 - 16.4. deficiencies in the determination of indicators have been established for two out of 25 set result indicators and in auditors’ opinion, these result indicators fail to sufficiently reflect the fact that the specific objective is achieved and the identified problem is solved.

SAI's Assessment of the Implementation of OPs in Projects

17. Since only two projects were approved by 30 June 2016, it was impossible to assess the achievement of output and result indicators for projects implemented within the framework of the 8th priority axis “Education, Skills and Lifelong Learning” during the audited period. The auditors’ assessment includes a risk that planned financial, output and result indicators will not be achieved in the interim assessment period of EU structural Funds, i.e. in 2018.

Recommendations for Improvement

18. Based on the conclusions of the parallel regulatory and performance audit, two recommendations have been provided to the Ministry of Education and Science as a responsible institution in the management of EU funds, which will contribute to the more effective determination of actions to be supported for solving problems and detailed presentation of information for determining indicators:
- 18.1. actions to be supported will be revised to ensure the solving of identified problems;
 - 18.2. detailed justification for the determination of output and result indicators, as well as the calculation of financing necessary for the achievement thereof will be specified in the indicator passports of specific objectives.

Good Practices

19. In auditors' opinion, in general, the work performed by the Ministry of Education and Science in preparing the 8th priority axis "Education, Skills and Lifelong Learning" of the Operational Programme "Growth and Employment" has been sufficient, identifying problems in the area of education and determining actions to be supported for solving problems.
20. The following can be mentioned as good practices: the information system created in Latvia for the management of Cohesion Policy Funds for the EU funds programming period 2014–2020, which ensures the collection and availability of data necessary for the implementation and management of EU funds; moreover, this system accumulates and stores information on the planning documents of EU funds, the Supplement to the Operational Programme, project applications and projects, project applicants, beneficiaries, output and result indicators, indicators of horizontal principles, etc.

List of Abbreviations

Abbreviation / Term	Explanation
EU	European Union
EU funds	European Union Structural Funds and Cohesion Fund
ESI funds	European Structural and Investment Funds — ESF, ERDF, CF, EAFRD, EMFF
ERDF	European Regional Development Fund
ESF	European Social Fund
CF	Cohesion Fund
Europe 2020 Strategy	Europe 2020: A European Strategy for Smart, Sustainable, and Inclusive Growth
Partnership Agreement	Partnership Agreement for the European Union Investment Funds Programming Period 2014–2020
National Reform Programme of Latvia	National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy
SO	Specific objective
SEA	State Employment Agency

SEDA	State Education Development Agency
Managing Authority	Ministry of Finance
MoES	Ministry of Education and Science
Responsible Institution	Ministry of Education and Science
Cooperation Institution	Central Finance and Contracting Agency
CM	Cabinet of Ministers

Audit Findings

Part I — General Overview

A Overview of Structural Funds Programmes and National Indicators

21. The objective of the Communication from the European Commission “Europe 2020: A European Strategy for Smart, Sustainable, and Inclusive Growth”⁴ is to help come out stronger from the crisis and turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. The Europe 2020 Strategy⁵ puts forward three mutually reinforcing priorities:
 - 21.1. smart growth: developing an economy based on knowledge and innovation;
 - 21.2. sustainable growth: promoting a more resource efficient, greener and more competitive economy;
 - 21.3. inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.
22. To outline indicators to be achieved by 2020, the European Commission proposes five EU headline targets, the following of which refer to the area of education:
 - 22.1. the share of early school leavers should be under 10%;
 - 22.2. at least 40% of the younger generation should have a tertiary degree.
23. To ensure that each Member State tailors the Europe 2020 strategy to its particular situation, the European Commission proposes that EU targets are translated into national targets and trajectories.
24. The National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy⁶ defines the quantitative targets of Latvia for 2020 within the context of the Europe 2020 strategy. The quantitative targets of Latvia for 2020 within the context of the Europe 2020 strategy have been determined taking into account the national economy development scenario of Latvia for a medium-term period, as well as the goals of the Sustainable Development Strategy of Latvia until 2030 “Latvija2030”. The National Reform Programme of Latvia defines the following goals the refer to the area of education (see Annex 2):
 - 24.1. the share of population aged 30–34 having completed tertiary education: 34% to 36%;
 - 24.2. the share of early school leavers aged 18–24: 13.4%.
25. After assessing the progress report “National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy”⁷, it has been established that:
 - 25.1. the share of population aged 30–34 having completed tertiary education in Latvia has reached 40% by 2013 already, i.e. it amounted to 40.7% in 2013, 39.9% — in 2014, and 42.2% — in 2015;

⁴ Final wording of the Communication from the European Commission dated 3 March 2010 “Europe 2020: A European Strategy for Smart, Sustainable, and Inclusive Growth” COM (2010) 2020.

⁵ Final wording of the Communication from the European Commission dated 3 March 2010 “Europe 2020: A European Strategy for Smart, Sustainable, and Inclusive Growth” COM (2010) 2020.

⁶ Minutes’ Decision of the Cabinet of Ministers dated 26 April 2011 (Minutes No. 27, § 34): Draft National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy.

⁷ Minutes’ Decision of the Cabinet of Ministers dated 12 April 2016 (Minutes No. 17, § 51): Progress Report “National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy”.

- 25.2. in turn, the share of early school leavers aged 18–24 has been below 10% since 2013 already, i.e. it amounted to 9.8% in 2013, 8.5% — in 2014, and 9.9% — in 2015. Likewise, this report specifies that *“taking into account the previous progress of achieving the target indicator, Latvia set a new target for 2020 — 10%”*.
26. The National Development Plan of Latvia for 2014–2020⁸ is hierarchically the highest national-level medium-term planning document closely related to the National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy. The goal of the National Development Plan of Latvia is to agree upon the most important medium-term priorities, areas of action, objectives and the indicators of their implementation. It defines the following priorities, areas of action and indicators to be achieved with regard to the area of education:
- 26.1. the area of action “Advanced Research, Innovation and Higher Education” of the priority “Growth of the National Economy”, wherein one of the indicators to be achieved by 2020 is the share of population aged 30–34 having completed tertiary education: 40%;
- 26.2. the area of action “Development of Competencies” of the priority “Human Securability”, wherein one of the indicators to be achieved by 2020 is the share of early school leavers aged 18–24: 10%.
27. The Education Development Guidelines for 2014–2020⁹ is a medium-term policy planning document that defines the development structure of the area of education and perspectives for the next seven years. The headline target specified in the Guidelines for 2020 is high-quality and inclusive education for the development of personality, human welfare and sustainable growth of the state.
28. The Education Development Guidelines determine objectives, areas of action, as well as results to be achieved for the area of education, and the following refers to Europe 2020 strategy headline targets:
- 28.1. the area of action “Reduction of the number of early school leavers” of the objective “To promote the development of value education-based professional and social skills of an individual for life and competitive working environment”, wherein one of the result indicators to be achieved by 2020 is the share of early school leavers and people non-involved in education aged 18–24: 10%;
- 28.2. the area of action “Improvement of the network of educational institutions and availability of services” of the objective “To improve the efficiency of resource management by developing the institutional excellence of educational institutions”, wherein one of the result indicators to be achieved by 2020 is the share of population aged 30–34 having completed tertiary education: 40%.
29. The main EU funds programming document is the Partnership Agreement for the European Union Investment Funds Programming Period 2014–2020¹⁰, which was prepared by Member States by involving partners according to a multi-level management approach and which lays down the Member State’s strategy, priorities and

⁸ Parliamentary Statement, 20 December 2012 “National Development Plan of Latvia for 2014–2020”.

⁹ Parliamentary Statement, 22 May 2014 “Education Development Guidelines for 2014–2020”.

¹⁰ Partnership Agreement for the European Union Investment Funds Programming Period 2014–2020 (approved by Cabinet Order No. 313 of 19 June 2014 “On the Partnership Agreement for the European Union Investment Funds Programming Period 2014–2020”).

procedures in relation to the effective and expedient use of ESI funds to implement the Europe 2020 strategy¹¹.

30. The Partnership Agreement defines the main competitiveness and economic, social and territorial cohesion development challenges of Latvia within the context of ESI funds investments, while the main challenge in relation to the audited area is the offer of education of insufficient quality and non-compliant with labour market requirements, for eliminating which the priority “High Quality and Efficiency of Education System” has been set.
31. In 2014, the European Commission approved the Operational Programme “Growth and Employment” developed by the Republic of Latvia¹², which is co-financed by ESF, ERDF and CF.
32. The total financing of the Operational Programme amounts to EUR 5,192,801,939, including the financing of EU funds of EUR 4,389,222,575. See Annex 3 and 4 for division by funds.
33. The Operational Programme provides detailed justification and description of offered solutions, ensuring a clear logical connection between the challenges of Latvia and actions to be financed within the framework of the Cohesion Policy Funds.
34. The Operational Programme stipulates 12 priority axes, of which the 8th priority axis “Education, Skills and Lifelong Learning”, consisting of EUR 510,213,088, i.e. 11.6% of the initial Operational Programme EU funds financing, applies to the area of education.
35. The 8th priority axis “Education, Skills and Lifelong Learning” stipulates five investment priorities:
 - 35.1. investing in education and training, including vocational training, to ensure mastering of skills and lifelong learning by developing education and training infrastructure;
 - 35.2. improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels, particularly for groups in an unfavourable situation;
 - 35.3. reducing early school-leaving and promoting equal access to good-quality pre-school, primary and secondary education, including formal, non-formal and daily possibilities of studies, which allow early school leavers to resume obtaining of education and studies;
 - 35.4. enhancing equal access to formal, non-formal and daily lifelong learning for all age groups, upgrading the knowledge, skills and competencies of labour force and promoting flexible possibilities of studies, including by professional orientation and approval of obtained competencies;

¹¹ 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.

¹² Operational Programme “Growth and Employment” (approved by Decision of the European Commission No. CCI 2014LV16MAOP001 of 11 November 2014).

- 35.5. increasing the labour market relevance in education and training systems; promoting the transfer from education to employment and improving vocational education and training system and its quality, including by mechanisms of forecasting necessary skills, adjusting study programmes and labour-based study programme, including a dual learning programme and apprenticeship.
36. Specific objectives are determined for each investment priority. See Annex 5 for specific objectives, financial, output and result indicators determined in the 8th priority axis “Education, Skills and Lifelong Learning”.

Part II — The Design of the Operational Programmes (OPs)

B Priority Axis and Objectives

Findings

37. In accordance with the Regulation¹³, the Operational Programme sets out the following:
- 37.1. a justification for the choice of thematic objectives, corresponding investment priorities and financial allocations having regard to the Partnership Agreement, based on an identification of regional and, where appropriate, national needs including the need to address the challenges identified in relevant country-specific recommendations and the relevant Council recommendations, taking into account the ex ante evaluation in accordance;
 - 37.2. for each priority axis: the investment priorities and corresponding specific objectives; the expected results for the specific objectives, and the corresponding result indicators; for each investment priority — the output indicators.
38. After assessing SOs set out within the framework of investment priority 8.2 “Improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels, particularly for groups in an unfavourable situation” for solving problems determined in Latvia in the area of education¹⁴, it has been established that despite the fact that the curriculum of education programmes does not comply with labour market needs is mentioned in both Operational Programme and National Reform Programme of Latvia as a problem, the Operational Programme still fails to specify detailed actions for solving this problem.
39. After assessing SOs set within the framework of investment priority 8.3 “Reducing early school-leaving and promoting equal access to good-quality pre-school, primary and secondary education, including formal, informal and daily possibilities of studies, which allow early school leavers to resume obtaining of education and studies” for solving problems determined in Latvia in the area of education¹⁵, it has been established that SO 8.3.5 “To improve access to career support for students of general and vocational educational institutions” set in the Operational Programme fails to provide a detailed assessment of problems and needs, yet specifies that the career support policy and provision of career services to an individual is not implemented as a horizontal system that links education, employment and social inclusion.
40. After assessing SOs set within the framework of investment priority 8.5 “Increasing the labour market relevance in education and training systems; promoting the transfer from education to employment and improving vocational education and training system and its quality, including by mechanisms of forecasting necessary skills, adjusting study programmes and labour-based study programme, including a dual learning programme

¹³ Article 96 (2)(a) of 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.

¹⁴ Decision of the European Commission No. CCI 2014LV16MAOP001 of 11 November 2014, Operational Programme “Growth and Employment”, and Minutes’ Decision of the Cabinet of Ministers dated 26 April 2011 (Minutes No. 27, § 34): Draft National Reform Programme of Latvia for the Implementation of the Europe 2020 Strategy.

¹⁵ Operational Programme “Growth and Employment” (approved by Decision of the European Commission No. CCI 2014LV16MAOP001 of 11 November 2014).

and apprenticeship” for solving problems determined in Latvia in the area of education¹⁶, it has been established that the SO 8.5.3 “To ensure the effective management of vocational educational institutions and improvement of professional competence of involved personnel” set in the Operational Programme fails to provide information on areas that require ensuring the professional improvement of involved personnel at vocational educational institutions. In turn, the Education Development Guidelines for 2014–2020 specify that to ensure the improvement of professional competence of teachers, it is planned to improve lifelong learning competencies (foreign languages, ICT skills) and professional competencies (undertaking, financial literacy, leadership, creativity, skills for work with students with different levels of abilities and skills) of teachers of vocational study subjects, as well as to improve the practical skills of teachers and practical learning supervisors at the place of work.

C Indicators and Monitoring

Findings

41. To be able to assess the achievement of objectives determined in the Operational Programme, in accordance with the Regulation¹⁷, each priority defines indicators and correspondent targets expressed in qualitative or quantitative terms in accordance with the Fund-specific rules. The referred to indicators include the following:
 - 41.1. financial indicators relating to expenditure allocated;
 - 41.2. output indicators relating to the operations supported;
 - 41.3. result indicators relating to the priority concerned.
42. The European Commission Guidance Document “Programming Period 2014–2020 Monitoring and Evaluation of European Cohesion Policy European Social Fund”¹⁸ determines that indicators must be clearly defined and closely related to activity, the measurement unit of indicators must be specified and they must be assessed on a regular basis.
43. The draft methodological material developed by the Managing Authority¹⁹ “Guidelines Laying Down the Principles of Development of Indicators to Be Included in the Operational Programme of the EU Funds Programming Period 2014–2020” determines that indicators, milestones and targets must be:

¹⁶ Decision of the European Commission No. CCI 2014LV16MAOP001 of 11 November 2014, Operational Programme “Growth and Employment”.

¹⁷ Article 27 (4) of 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.

¹⁸ *European Commission Guidance Document “Programming Period 2014–2020 Monitoring and Evaluation of European Cohesion Policy European Social Fund”*.

¹⁹ Draft Internal Legal Act of the Ministry of Finance of 26 November 2013 “Guidelines Laying Down the Principles of Development of Indicators to Be Included in the Operational Programme of the EU Funds Programming Period 2014–2020” (http://www.esfondi.lv/upload/14-20_gads/20131126_VI_Vadlinijas_raditaji_clean.pdf).

- 43.1. realistic, achievable, compliant and must contain the most crucial information on the progress of achieving the priority;
 - 43.2. concordant with the essence and nature of specific objectives of a particular priority;
 - 43.3. transparent with objectively verifiable values and clear data sources, where possible, publicly available;
 - 43.4. supervised and not causing disproportionate administrative burden;
 - 43.5. concordant with other operational programmes, where applicable.
44. In accordance with the information provided by the Managing Authority²⁰, “... to ensure the elements included in the European Commission Guidance Document with regard to defining monitoring indicators, as well as to ensure equal access and understanding to responsible industry ministries involved in the management of EU funds, the Managing Authority has developed the aforementioned methodological material summarising indicator elements specified in the European Commission Guidance Document in the form of a table”.
45. The Partnership Agreement includes a summary on fulfilment of ex ante conditionalities, the implementation of which was necessary for Member States to ensure that necessary preconditions would be introduced for the effective and expedient use of EU support²¹.
46. One of ex ante conditionalities is “the existence of a statistical basis necessary to undertake evaluations to assess the effectiveness and impact of the programmes. The existence of a system of result indicators necessary to select actions, which most effectively contribute to desired results, to monitor progress towards results and to undertake impact evaluation”. To fulfil this conditionality, several criteria have been set, including the following criteria in relation to the determination of indicators:
- 46.1. arrangements for timely collection and aggregation of statistical data, including the identification of sources and mechanisms to ensure statistical validation;
 - 46.2. an effective system of result indicators including:
 - 46.2.1. the selection of result indicators for each programme providing information on what motivates the selection of policy actions financed by the programme;
 - 46.2.2. the establishment of targets for these indicators;
 - 46.2.3. the consistency of each indicator with the following requisites: robustness and statistical validation, clarity of normative interpretation, responsiveness to policy, timely collection of data.

²⁰ E-mail letter of the Ministry of Finance dated 10 November 2016.

²¹ Article 96 (21) of 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.

47. The Partnership Agreement specifies that the aforementioned criteria have been fulfilled and the following information is provided:
- 47.1. for the development of ERDF, CF and ESF indicators, the Guidelines Laying Down the Principles of Development of Indicators to Be Included in the Operational Programme of the EU Funds Programming Period 2014–2020²², which include quality criteria set by the European Commission for result indicators, have been developed;
 - 47.2. for the proposing of indicators, mandatory requirements have been set, including specifying the source/type of information collection based on the methodologically justified approach to calculations and definitions;
 - 47.3. information on definitions of indicators, calculation of values and aggregation methodology is included in indicator passports;
 - 47.4. indicator passports are enclosed to the Operational Programme as work documents, as well as are collected in the EU structural funds and the CF management information system;
 - 47.5. in accordance with the Guidelines,²³ responsible institutions of EU funds develop indicators at the level of a specific objective, the conformity of which is assessed by the Managing Authority.
48. Information provided by the Responsible Institution²⁴ with regard to indicator passports specifies that *“in developing the Operational Programme, the indicator passports of the Operational Programme, which have been agreed with the European Commission, have been developed. Indicator passports provide explanations of calculations for achieving each indicator, which jointly form the financing of each SO and investment priority”*.
49. The guidelines developed by the Managing Authority²⁵ on the operation of the EU funds monitoring system provides information on indicator passports, specifying that: *“in cases if the indicator calculation methodology changes, as well as if the explanation included in the indicator passport is insufficient (e.g. the indicator definition fails to fully define the moment, at which the indicator is considered to be achieved; it is necessary to explain the aspects of calculating the measurement unit of the indicator in more detail; it is not clearly determined at which moment the indicator is to be reported, etc.) to ensure the effective and unified monitoring process, an explanation is provided, simultaneously taking into account that the responsible institution has to agree with the managing*

²² Draft Internal Legal Act of the Ministry of Finance of 26 November 2013 “Guidelines Laying Down the Principles of Development of Indicators to Be Included in the Operational Programme of the EU Funds Programming Period 2014–2020” (http://www.esfondi.lv/upload/14-20_gads/20131126_VI_Vadlinijas_raditaji_clean.pdf).

²³ Draft Internal Legal Act of the Ministry of Finance of 26 November 2013 “Guidelines Laying Down the Principles of Development of Indicators to Be Included in the Operational Programme of the EU Funds Programming Period 2014–2020” (http://www.esfondi.lv/upload/14-20_gads/20131126_VI_Vadlinijas_raditaji_clean.pdf).

²⁴ Letter of the Ministry of Education and Science dated 29 July 2016 (registered at the State Audit Office on 29 July 2016 under No. 2.3.1/931).

²⁵ “Guidelines Laying Down the Fundamental Principles and Procedure of Operation of the European Union Structural Funds and Cohesion Fund Supervision System in the Programming Period 2014–2020” of the Ministry of Finance of 29 December 2015.

authority on adjustments to the indicator passport for the managing authority to be able to inform the European Commission thereof, if necessary. Without agreeing with the European Commission, it shall be prohibited to introduce any changes or amendments to the Operational Programme, which alter the essence, name, measurement unit of the indicator, description of objective determination, milestones or targets”.

50. In the auditors’ opinion, taking into account the aforementioned information, SO indicator passports are the documents of the Operational Programme, containing the summary of the information provided on the methodology for the calculation of SO indicators of priority axes of the Operational Programme and providing substantiating information on the determination of indicators, wherewith set financial, output and result indicators have been assessed taking into account the information included in each SO indicator passport.
51. 18 financial indicators, 27 output indicators and 25 result indicators, which are to be achieved by 2023, have been set for the 8th priority axis “Education, Skills and Lifelong Learning”.

I. Financial Indicators, Milestones²⁶ and Targets (Question 5)

52. Financial indicators of the 8th priority axis of the Operational Programme to be achieved are presented in Table 1.

Table 1: Financial details of Investment Priorities/Priority Axes

Priority axis	(Financial) indicator	If available: Milestone 2018	Target value 2023
ESF			
Education, skills and lifelong learning	€	63,652,675	273,826,243
ERDF			
Education, skills and lifelong learning	€	123,635,102	326,424,456

53. After assessing the validity of the financing planned for 18 SOs of the 8th priority axis “Education, Skills and Lifelong Learning” in SO indicator passports²⁷, deficiencies have been established in nine SOs; for seven of these SOs, no detailed calculation for the amount of the financing of EUR 376,374,175 is specified (see Table 2).

Table 2: Deficiencies of the financing planned for the specific objectives of the 8th priority axis “Education, Skills and Lifelong Learning” of the Operational Programme “Growth and Employment”

Specific objective	Financing planned for the specific objective	Opinion of the State Audit Office
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²⁶ CPR requires that the MA formulates milestones for the performance framework and priority axes only.

²⁷ Indicator passports of specific objectives 8.1.1, 8.1.2, 8.1.3, 8.1.4, 8.2.4, 8.3.2, 8.3.4, 8.3.5, 8.3.6, 8.4.1, 8.5.2 and 8.5.3 of the Operational Programme “Growth and Employment” (http://www.esfondi.lv/upload/14-20_gads/Planosana/raditaju_pases_visas-pec_030516_dp-groz.zip).

SO 8.1.1 “To increase the number of modernised study programmes of STEM, including medicine and creative industries”	44,641,656	No justification is specified for the distribution of the financing, which stipulates directing 60% of the total financing for infrastructure development and arrangement, while 40% — for the purchase of devices and equipment.
SO 8.1.2 “To improve the study environment of general educational institutions”	162,810,957	No detailed calculation for the amount of SO financing is specified in the SO indicator passport.
SO 8.1.3 “To increase the number of fully modernised vocational educational institutions”	104,786,645	No detailed calculation for the amount of SO financing is specified in the SO indicator passport.
SO 8.1.4 “To improve the study environment of the first-level professional higher education STEM, incl. medicine and creative industry, programmes”	14,185,198	No justification is specified for the distribution of the financing, which stipulates directing 60% of the total financing for infrastructure development, while 40% — for the purchase of equipment.
SO 8.3.2 “To increase support for general educational institutions for developing students’ individual competences”	37,632,740	No detailed calculation for the amount of SO financing is specified in the SO indicator passport and the financing for SO has been determined based on the available financing.
SO 8.3.4 “To reduce early school leaving by implementing preventive and intervention measures”	39,812,376	No indicator passport has been prepared for this SO at the time of approval of the Operational Programme. It was prepared in 2016, when the Operational Programme was amended ²⁸ ; the financing for SO has been determined based on the available financing.
SO 8.3.5 “To improve access to career support for students in general and vocational educational institutions”	23,080,688	No detailed calculation for the amount of SO financing is specified in the SO indicator passports.
SO 8.3.6 “To introduce an education quality monitoring system”	11,064,359	No detailed calculation is specified for the financing of EUR 5,214,359, which is planned for achieving the output indicator “Number of supported national research — 9”.
SO 8.5.2 “To ensure the conformity of vocational education to the European qualifications framework”	12,936,510	A partial justification has been provided for the financing of EUR 3,036,410 for achieving the set output indicator “Number of profession standards fundamental requirements for professional qualification, for the development of which ESF support has been granted — 160”, without specifying how the financing necessary for the development of qualification structures of the sector, development of profession standards/sector qualification requirements and development of content of professional qualification exams has formed.

II. Output Indicators, Milestones² and Target Values (Question 6)

54. After assessing 27 output indicators determined for SOs of the 8th priority axis “Education, Skills and Lifelong Learning”, for 12 of them, it has been established that no detailed justification for the determination of indicators has been provided in SO indicator passports²⁹ (see Table 3).

²⁸ Cabinet Order No. 274 of 3 May 2016 “Amendments to the Operational Programme ‘Growth and Employment’ for the European Union Structural Funds and Cohesion Fund Programming Period 2014–2020”.

²⁹ Indicator passports of specific objectives 8.1.1, 8.1.2, 8.1.4, 8.2.2, 8.3.1, 8.3.2, 8.3.4, 8.3.6, 8.4.1, 8.5.1 and 8.5.3 of the Operational Programme “Growth and Employment” (http://www.esfondi.lv/upload/14-20_gads/Planosana/raditaju_pases_visas-pec_030516_dp-groz.zip).

Table 3: Output indicators: Weaknesses

Investment priority: 8.2. Improving the quality and efficiency of, and access to, tertiary and equivalent education with a view to increasing participation and attainment levels, especially for disadvantaged groups (ESF)	
Weaknesses	Findings
Other weaknesses — the indicator has not been justified	No detailed justification for the determination of the output indicator is provided in the indicator passport for the output indicator “Capacity of provision of services in supported general educational institutions — 45,600 persons” set in SO 8.1.2 “To improve the study environment of general educational institutions”, specifying the following in the indicator passport: <i>“the target value has been determined taking into account the forecast number of modernised educational institutions (up to 115) and the forecast number of students in 2020 in accordance with the Education Development Guidelines for 2014–2020, i.e. on average 400 students in each school”</i> ;
	The indicator passport for the output indicator “The number of PhD students who have received ESF support for work in higher educational institution — 420” set in SO 8.2.2 “To strengthen academic personnel of higher educational institutions in strategic specialisation areas” specifies that it is planned to provide support every year to 70 PhD students for 6 years, without providing any detailed justification therefor;
	The indicator passport for the output indicator “Number of foreign teachers that have received ESF support for work at a higher educational institution in Latvia — 300” set in SO 8.2.2 “To strengthen academic personnel of higher educational institutions in strategic specialisation areas” specifies that 100 foreign teachers will be supported every year for 6 years, i.e. 600 teachers, assuming that one foreign teacher can apply for the support on average two times, without providing any detailed justification therefor;
	The indicator passport for the set output indicator “Number of academic personnel that have received ESF support for improvement of professional competence — 1,140” set in SO 8.2.2 “To strengthen academic personnel of higher educational institutions in strategic specialisation areas” specifies that 300 teachers will undergo a training course in companies in Latvia every year within a 6-year period, i.e. 1,800 teachers, assuming that one person will undergo a training course on average two times, and 600 teachers will master English language, assuming that 60% of them will undergo a training course in Latvian companies, thus 240 or 40% of teachers will have additionally improved their competence, without providing any detailed justification therefor;
	In accordance with the information provided by MoES ³⁰ : <i>The output indicator values of SO 8.2.2 have been determined to attain the goals set in the Education Development Guidelines for 2014–2020 in the area of higher education and taking into account priorities in strengthening the academic personnel in higher educational institutions, as well as taking into account the financing available for SO 8.2.2.</i> <i>According to the tasks of the sector to be fulfilled in strengthening the academic personnel in higher educational institutions, investments within the framework of the available financing are primarily planned for the internationalisation of the academic personnel (EU funds investment for achieving indicatively 100% of the target), as well as for the renewal of the academic personnel (EU funds investment for achieving indicatively 50% of the target) and for increasing the capacity of the academic personnel (EU funds investment for achieving indicatively 25% of the target).</i>

³⁰ Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

Investment priority: 8.3. Reducing and preventing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education, including formal, non-formal and informal learning pathways for reintegrating into education and training (ESF)

Weaknesses	Findings
<p>Other weaknesses — the indicator has not been justified</p>	<p>The indicator passport for the output indicator “Number of competence-based methodological and study materials for students (incl. students with learning disorders) and teachers that are elaborated with ESF support — 61” set in SO 8.3.1 “To develop competency-based general education curriculum” specifies the number of methodological and study materials, which will be developed for a particular degree of education, and the amount of financing planned for them, without specifying any detailed calculation that accounts to EUR 8,551,987, i.e. 47% of the total financing planned for the SO;</p> <p>In accordance with the information provided by MoES³¹:</p> <p><i>More detailed proportional distribution is specified in the initial assessment. The indicator “Number of competence-based methodological and study materials for students (incl. students with learning disorders) and teachers that are elaborated with ESF support — 61” and the financing of EUR 8,551,987 are formed by developed and approved study and methodological materials based on assumptions regarding the area of education, number of competences and study subjects in the education curriculum in the process of the Operational Programme development:</i></p> <p>1) 12 study and methodological materials for grades from the 1st through the 6th (4 fields of education x 3 competences) and 1 study and methodological materials for 5-6-year old (5-6 years x 1) students (planned financing EUR 854,000 = development, approbation, expert-examination, improvement, digitalisation);</p> <p>2) 6 study and methodological materials for pre-school (1.5-4 years) (2 age periods: 1.5-2 years and 3-4 years x 3 competences) (planned financing EUR 696,600 = development, approbation, expert-examination, selection and production of visual, audio and video materials);</p> <p>3) 27 study and methodological materials for grades from the 7th through the 12th (9 study subjects x 3 competences) (planned financing EUR 1,512,000 = development, approbation, expert-examination, improvement, digitalisation);</p> <p>4) 15 study materials in plain language (study subjects — history, biology, geography, chemistry, physics) for grades from the 7th through the 9th (5 study subjects x 3 groups of grades) (planned financing EUR 358,000 = adapted, expert-examined, improved digitalised 15 study materials in plain language);</p> <p>The indicator passport for the output indicator “Number of methodological and study materials for students with mental disorders that are elaborated with ESF support — 15” set in SO 8.3.1 “To develop competency-based general education curriculum” specifies the number of methodological and study materials, and the amount of financing planned for them, without specifying any detailed calculation that accounts to EUR 2,013,300, i.e. 11% of the total financing planned for the SO;</p> <p>In accordance with the information provided by MoES³²:</p> <p><i>More detailed proportional distribution is specified in the initial assessment. The indicator “Number of methodological and study materials for students with mental disorders that are elaborated with ESF support — 10” is formed by developed (adjusted) and approved study and methodological materials based on the following assumptions in education curriculum:</i></p>

³¹ Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

³² Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

	<p>1) 10 study materials for children with mental development disorders (study subjects — Environmental Studies; Latvian language 1st – 6th grades; Latvian language 7th – 9th grade; History; Technology; Mathematics 7th – 9th grade; native language for minority pupils; English language; Geography; Social Studies). Each study and methodological material includes a set of different materials (methodological recommendation for work planning, organisation, assessment of pupils’ performance, interactive materials, materials for work with an interactive board, materials for work in the Internet network, test works, presentations, etc.).</p> <p>Development of curriculum of 10 study and methodological materials (compensation) — EUR 760,103, one study and methodological material — on average EUR 76,010.3.</p> <p>Other expenses (approbation, reviewing, editing, layout design, publication in the digital storage of study resources, stationery, renting of premises, project management and implementation expenses) — EUR 993,197.</p> <p>2) 5 study and methodological materials for children with serious mental development disorders: (1) an interactive study material and a methodological material (handbook) for teachers for the integrated teaching of language and fields of environmental studies; (2) an activity book for the integrated teaching of language and social studies; (3) an activity book for the integrated teaching of technology and science basics; (4) an activity book for the integrated teaching of mathematics and social studies; (5) a textbook with a teacher’s handbook for the integrated teaching of environmental studies, Latvian language, social studies and mathematics.</p> <p>Development of curriculum of study and methodological materials (compensation) — EUR 133,149. Compensation costs for one study and methodological material — EUR 26,629.8.</p> <p>Other expenses (expert-examination, editing, layout design, artist’s services, publication in the digital storage of study resources, stationery, renting of premises, project management and implementation expenses) — EUR 126,851.</p> <p>For the output indicator “Number of general educational institutions that have received ESF support for the development and introduction of a personalised study approach to develop students’ individual competences — 272” set in SO 8.3.2 “To increase support for general educational institutions for developing students’ individual competences”, it is specified that within the framework of the available financing, it is planned to support 36% of the total number of general educational institutions in 2015/2016 academic year, without providing any justification for the planned share of institutions to be supported;</p> <p>The indicator passport for the output indicator “Number of educational institutions that have received ESF support for reducing the risk of early school leaving — 665” set in SO 8.3.4 “To reduce early school leaving by implementing preventive and intervention measures” provides no detailed justification for the determination of the output indicator, specifying the following in the indicator passport: “...it is planned that approximately 75% of educational institutions will have received ESF support for reducing the ESL risk by 2023, based on the number of institutions as at the beginning of 2016”;</p> <p>The indicator passport for the output indicator “Number of supported national research — 9” set in SO 8.3.6 “To introduce an education quality monitoring system” provides no detailed justification for the determination of the output indicator;</p>
<p>Investment priority: 8.4. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences (ESF)</p>	
<p>Weaknesses</p>	<p>Findings</p>
<p>Other weaknesses — the indicator has not</p>	<p>After assessing output, result and financial indicators set in SO 8.4.1 “To develop professional competence of employees”, it has been established that the set output indicators “Number of employed people at age 25+ who have</p>

been justified	received ESF support for participation in training (excluding employees with low education level) — 25,693” and “Number of employed people with a low level of education at age 25+ who have received ESF support for participation in training — 12,934” have been calculated based on the available SO financing in accordance with the Guidelines ³³ , rather than by providing justification as to why this number of employed persons will be supported;
Investment priority: 8.5. Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training (VET) systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes (ESF)	
Weaknesses	Findings
Other weaknesses — the indicator has not been justified	<p>The output indicators “The number of students of vocational education who have participated in work-based learning or apprenticeship within the framework of ESF support — 3,150” and “The number of students of vocational education who have participated in practical training within the framework of ESF support — 11,025” set in SO 8.5.1 “To increase number of qualified VET students through participation in work-based learning and practice in enterprise” in the indicator passport have been calculated based on the available SO financing in accordance with the Guidelines³⁴ rather than by determining the number of students that require financial support for participation in work-based learning or practical training in enterprises.</p> <p>In accordance with the information provided by MoES³⁵:</p> <p><i>In accordance with area of action 1.1 “Improvement of education curriculum oriented to competences demanded by the knowledge society and promoting creativity, innovation and healthy lifestyle” of Section IV “Results of the Education Policy, Performance Results and Result Indicators for the Achievement Thereof” of the Education Development Guidelines for 2014–2020, the policy result “Ensuring support for the development of work-based learning and apprenticeship in vocational education” has been determined with the result indicator “share of students that have underwent work-based learning and apprenticeship in an enterprise during their 1st and 2nd year of studies within the framework of a cooperation agreement by 2020 — 50%”.</i></p> <p><i>As at 1 October 2015, according to the data of the State Education Information System, 28,192 persons were studying in vocational educational institutions; to achieve the target indicator set in the Education Development Guidelines for 2014–2020, at least 14,096 of these students must undergo work-based learning and apprenticeship in an enterprise during their 1st and 2nd year of studies within the framework of a cooperation agreement with the enterprise.</i></p> <p>The indicator passport for the output indicator “Employees who have received ESF support for training (teachers, administrators, practice managers, craftsmen, representatives of sectors) — 5,775” of SO 8.5.3 “To ensure efficient management of VET institutions and improve professional competencies of the involved personnel” provides no substantiation as to why this number of employees will be supported.</p>

³³ Draft Internal Legal Act of the Ministry of Finance of 26 November 2013 “Guidelines Laying Down the Principles of Development of Indicators to Be Included in the Operational Programme of the EU Funds Programming Period 2014–2020” (http://www.esfondi.lv/upload/14-20_gads/20131126_VI_Vadlinijas_raditaji_clean.pdf).

³⁴ Draft Internal Legal Act of the Ministry of Finance of 26 November 2013 “Guidelines Laying Down the Principles of Development of Indicators to Be Included in the Operational Programme of the EU Funds Programming Period 2014–2020” (http://www.esfondi.lv/upload/14-20_gads/20131126_VI_Vadlinijas_raditaji_clean.pdf).

³⁵ Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

III. Result Indicators, Milestones² and Target Values (Question 7)

55. After assessing 25 result indicators set for the 8th priority axis “Education, Skills and Lifelong Learning”³⁶, in auditors’ opinion, two of them had deficiencies (see Table 4).

Table 4: Result indicators: Weaknesses

Investment Priority: 8.3. Reducing and preventing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education, including formal, non-formal and informal learning pathways for reintegrating into education and training (ESF)	
Weaknesses	Findings
the indicator is unclear / interpretive	The result indicator “Number of NEET youth non-registered in SEA, who have successfully completed their individual support programme within the framework of ESF support —3,684” of SO 8.3.3 “To develop the skills of NEET youth non-registered in SEA and promote their involvement into education, measures implemented by SEA within the framework of the Youth Guarantee, and NGOs or youth centres” will be considered as achieved, if a programme of individual measures is implemented, which causes a risk that early school leavers are not involved back into education;
Investment Priority: 8.4. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences (ESF)	
Weaknesses	Findings
the indicator is unclear / interpretive	The indicator passport of SO 8.3.4 “To reduce early school leaving by implementing preventive and intervention measures” specifies that the result indicator “The number of educational institutions that have introduced and ensure systemic support for reducing the risk of early school leaving — 665” will be deemed as achieved, if the following requirements are fulfilled: participation in a project, education exhibition / internal procedures developed by a local government for how the prevention of early school leaving is managed, and teachers are familiarised with developed materials that indicate the risk that actions to be implemented will not ensure systemic support for the students of the early school leaving risk group.

In accordance with the information provided by MoES³⁷:

In 2015–2016, important conceptual documents³⁸ were developed after the approval of the

³⁶ Indicator passports of specific objectives 8.2.1, 8.2.2, 8.3.3, 8.3.4 and 8.4.1 of the Operational Programme “Growth and Employment” (http://www.esfondi.lv/upload/14-20_gads/Planosana/raditaju_pases_visas-pec_030516_dp-groz.zip).

³⁷ E-mail letter of the Ministry of Education and Science dated 28 December 2016 (registered at the State Audit Office on 28 December 2016 under No. 2.3.1/1564).

³⁸ Career Education Implementation Plan in State and Local Government General and Vocational Educational Institutions for 2015–2020 (adopted by Cabinet Order No. 821 of 30 December 2015 “On the Career Education Implementation Plan in State and Local Government General and Vocational Educational Institutions or 2015–2020”); Plan for the Introduction of the Adult Education Management Model for 2016–2020 (approved by Cabinet Order No. 287 of 05 May 2016 “Plan for the Introduction of the Adult Education Management Model for 2016–2020”); Conceptual Statement “On the Development of Policy Alternatives for Solving the Early School Leaving Problem to Ensure the Implementation of Specific Objective 8.3.4 ‘To Reduce Early School Leaving by Implementing Preventive and Intervention Measures’” (approved by Cabinet Order No. 286 of 05 May 2016 “On the Conceptual Statement ‘On the Development of Policy Alternatives for Solving the Early School Leaving Problem to Ensure the Implementation of Specific Objective 8.3.4 ‘To Reduce Early School Leaving by Implementing Preventive and Intervention Measures’”); Minutes’ Decision of the Cabinet meeting on 24 February 2015 (Minutes No. 10, § 42) — Informative Report “On Results and Further Actions for

Operational Programme for the detailed justification of investments and for ensuring an unambiguously clear connection between problems defined in planning documents in the area of education and actions to be implemented and results to be achieved within the framework of SOs. In addition to that, in accordance with the provisions of regulatory enactments, an initial impact assessment is developed for commencing each SO, including a detailed analysis of problems, needs, investments and their effectiveness, based on which actions to be implemented and cost eligibility conditions are determined for the effective solving of the problem.

IV. Performance Framework (Question 8)

56. The Regulation³⁹ stipulates that the performance framework shall consist of milestones established for each priority. Milestones are directly linked to the achievement of the specific objective of a priority, where appropriate, expressing the intended progress towards the targets set for the end of the period. Milestones established for 2018 shall include financial indicators, output indicators and, where appropriate, result indicators, which are closely linked to the supported policy interventions.
57. Milestones and targets shall be⁴⁰:
- 57.1. realistic, achievable, relevant, capturing essential information on the progress of a priority;
 - 57.2. consistent with the nature and character of the specific objectives of the priority;
 - 57.3. transparent, with objectively verifiable targets and the source data identified and, where possible, publicly available;
 - 57.4. verifiable, without imposing a disproportionate administrative burden;
58. The Operational Programme determines the performance framework for each priority axis, within which the milestone of financial and output indicators for 2018 and the target value for 2023 are determined for each of investment priorities.

Ensuring the Implementation of Specific Objective 8.1.3 ‘To Increase the Number of Fully Modernised Vocational Educational Institutions’ of the Operational Programme ‘Growth and Employment’; Minutes’ Decision of the Cabinet meeting on 29 September 2015 (Minutes No. 51, § 57) — Informative Report “On Activities to Be Supported and Preliminary Selection Criteria Within the Framework of Specific Objective 8.1.2 ‘To Improve the Study Environment of General Educational Institutions’”; Cabinet Order No. 709 of 10 November 2015 “On the Total Amount of Financing of Specific Objectives of Integrated Territorial Investments for Each Development Centre of National Significance and Common Result Indicators for a Group of Development Centres of National Significance”.

³⁹ Annex 2 to 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.

⁴⁰ Annex 2 to 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.

59. After assessing the information included in the performance framework of the 8th priority axis “Education, Skills and Lifelong Learning”, it has been established:

- 59.1. it includes financial and output indicators, but includes no result indicators;
- 59.2. it includes output indicators, for the achievement of which a greater EU structural funds financing is planned.

V. Statistical System (Question 9)

60. General ex ante conditionalities referred to in the Regulation⁴¹, which apply to the area of numeric system and result indicators, stipulates the following conditions:

- 60.1. the existence of a statistical basis necessary to undertake evaluations to assess the effectiveness and impact of the programmes;
- 60.2. the existence of a system of result indicators necessary to select actions, which most effectively contribute to desired results, to monitor progress towards results and to undertake impact evaluation.

61. The Partnership Agreement provides information that the referred to ex ante conditionalities have been fulfilled:

- 61.1. the Guidelines Laying Down the Principles of Development of Indicators to Be Included in the Operational Programme of the EU Funds Programming Period 2014–2020 have been developed;
- 61.2. the Information System for the Management of Cohesion Policy Fund has been created, which will ensure the accumulation of indicator names, definitions, measurement units, their initial and target values, accumulation of current achieved and historical values of indicators, as well as information on the frequency of collection of values;
- 61.3. the publication of data and their availability to the public is ensured within the framework of annual reports published on websites www.esfondi.lv and www.zm.gov.lv;
- 61.4. the choice of indicators is justified in the descriptions of priority axes and specific objectives of the Operational Programme. Indicator definitions will be included in indicator passports that will be enclosed to the Operational Programme as work documents;
- 61.5. the Information Report on the ERDF, ESF and CF Management and Control System for the Programming Period 2014–2020 has been developed, wherein the description of the Management and Control System is included.

62. The Information System for the Management of Cohesion Policy Funds has been created in Latvia for the EU funds programming period 2014–2020, which is a state information

⁴¹ Part II: General ex ante conditionalities of Annex XI to 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.

system and ensures the collection and availability of data necessary for the implementation and management of EU funds.

63. The task of the management information system⁴² is:
- 63.1. to collect and store information on EU funds planning documents, the Supplement to the Operational Programme, project applications and projects, which is necessary for EU funds management, monitoring and assessment of the Operational Programme implementation;
 - 63.2. to collect data on project applicants, beneficiaries, participants to the European Social Fund projects and end beneficiaries (including natural persons), project partners, output and result indicators, indicators of horizontal principles and data and indicators necessary for assessment, as well as to ensure the updating of the said data;
 - 63.3. to ensure possibilities for preparing payment applications to be submitted to the European Commission and closing of accounts;
 - 63.4. to ensure data exchange between beneficiaries and institutions involved in EU funds management;
 - 63.5. to ensure possibilities of analysing data included in the management information system and to summarise them for statistical needs, as well as to transfer them for processing to other state information systems for fulfilling functions or tasks stipulated by regulatory enactments.
64. In accordance with the Business Handbook of the Information System for the Management of Cohesion Policy Funds for 2014–2020⁴³, the management information system contains information, including the following:
- 64.1. principal data of the Operational Programme, financing and indicators at the level of the main project;
 - 64.2. principal data, financing and indicators of the investment priority of the priority axis;
 - 64.3. SO principal data, horizontal principles, intervention categories, financing and indicators.

VI. Monitoring (Question 16)

65. In accordance with the Regulation⁴⁴, from 2016 until and including 2023, each Member State shall submit to the European Commission an annual report on implementation of the programme in the previous financial year.

⁴² Paragraph 26 of Cabinet Regulations No. 108 of 24 February 2015 “Procedures for Monitoring and Assessing the Implementation of European Union Structural Funds and the Cohesion Fund, as well as for Developing and Using the Information System for the Management of Cohesion Policy Funds for 2014–2020”.

⁴³ Business Handbook of the Information System for the Management of Cohesion Policy Funds for 2014–2020 of the Ministry of Finance.

⁴⁴ Article 50 (1) of 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,

66. The Managing Authority has prepared a report to the European Commission on the implementation of the Operational Programme “Growth and Employment” in the programming period 2014–2020 for 2014 and 2015⁴⁵, specifying the following with regard to the 8th priority axis “Education, Skills and Lifelong Learning”:
- 66.1. the progress of implementation of the priority axis is to be assessed as satisfactory, yet it falls behind the schedule of the Supplement to the Operational Programme, since the development of the national regulatory framework is delayed. By the end of 2015, the selection of projects was commenced in two SOs and the implementation of a project occurred in one SO. It is planned that the selection of projects will be commenced in several projects by the end of 2016;
 - 66.2. in introducing the priority axis, a risk has been established for achieving results of the performance framework for 2018, simultaneously observing the range of admissible deviations (without achieving the critical limit for performance 65%).
67. The Cabinet Regulation⁴⁶ stipulates that the Responsible Institution shall submit a report on the progress of SO introduction in electronic form to the Managing Authority once a year by 10 February.
68. According to the publicly available information⁴⁷, the Responsible Institution has prepared a report for the introduction of SOs of the Operational Programme “Growth and Employment” of the programming period 2014–2020 for 2015. It includes information on the fulfilment of output and result indicators, as well as on the financial progress, specifying that “... *In 2015, an agreement was signed on the implementation of a project within the framework of SO 8.3.3 ‘To develop the skills of NEET youth non-registered in SEA and promote their involvement into education, measures implemented by SEA within the framework of the Youth Guarantee, and NGOs or youth centres’ and EUR 127,128 had been used by the end of the reporting period, taking into account that no support was commenced for the project target group within the framework of SO 8.3.3 during the reporting period and no progress of output and result indicators was observed. The Responsible Institution indicates that if no support for the target group youth is commenced by the beginning of 2016, there is a risk of failure to achieve planned milestone values of output and result indicators for 2018 and failure to use the financing in accordance with the provisions of the Operational Programme, and the said can affect the performance framework as well. During the reporting period, the performance of other output and result indicators within the framework of SOs within the competence of MoES was not planned*”.
69. Starting from May 2015, the Managing Authority submits topical information to the CM on the fulfilment of plans for the introduction of the EU Cohesion Policy Fund once a month, including in breakdown by responsible institutions (on certain financial goals and

the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006.

⁴⁵ http://www.esfondi.lv/upload/gz_2014_2015.pdf (viewed on 8 November 2016).

⁴⁶ Sub-paragraph 7.2 of Cabinet Regulations No. 108 of 24 February 2015 “Procedures for Monitoring and Assessing the Implementation of European Union Structural Funds and the Cohesion Fund, as well as for Developing and Using the Information System for the Management of Cohesion Policy Funds for 2014–2020”.

⁴⁷ https://komitejas.esfondi.lv/_layouts/15/start.aspx#/AI%20ziojumi/Forms/AllItems.aspx (viewed on 8 November 2016).

other preconditions and tasks)⁴⁸. The Managing Authority authorises information on the financial progress, SO introduction progress, including submission and approval of criteria for the assessment of project applications, the status of fulfilment of Cabinet Regulations, and the planned start date of selection.

70. The Managing Authority prepares a report to the Public Expenditure and Audit Committee of the Saeima on the progress of investments of the EU structural funds and Cohesion Fund programming period 2014–2020 once a quarter on the following matters:
 - 70.1. the schedule of management measures (expenses) to be taken in the EU structural funds and Cohesion Fund programming period 2014–2020, and the progress of fulfilment thereof;
 - 70.2. the schedule of introduction of SO measures and the progress of fulfilment thereof;
 - 70.3. projects of SOs/measures and financing paid therefor;
 - 70.4. the schedule of risk management measures and fulfilment thereof.

VII. Measuring of Long-term Impacts (Question 17)

71. According to the information provided by the Managing Authority,⁴⁹ the long-term impact of projects is ensured by using the horizontal principle “Sustainable Development” included in the Operational Programme.
72. Implementation of the horizontal principle (HP) “Sustainable Development” provides for⁵⁰:
 - 72.1. implementation of specific actions, the objectives of which comply with the HP objectives, taking into account the achieved output and result indicators;
 - 72.2. applying specific project application selection criteria, ensuring priority support to the projects that ensure a long-term impact on the quality of environment;
 - 72.3. providing for supported actions for the preservation of the quality of environment and reduction of negative environmental impact in Cabinet Regulations for SO implementation.
73. The supervision over the implementation of the horizontal principle “Sustainable Development” will be ensured, including the following⁵¹:
 - 73.1. after the finishing of projects, applying SOs with a direct impact on the output and result indicators of these principles, as well as assessing whether the beneficiary has ensured the implementation of planned measures assessed with additional points in assessing the performance of projects;
 - 73.2. carrying out the monitoring of results and studies on the impact of the Cohesion Policy Funds investments on the quality of environment.

⁴⁸ Clause 11 of Minutes’ Decision of the Cabinet meeting on 10 March 2015 No. 14, § 27.

⁴⁹ Interview with the representatives of the Ministry of Finance on 04.08.2016.

⁵⁰ Section 11.1 “Sustainable Development” of the Operational Programme “Growth and Employment” (approved by Decision of the European Commission No. CCI 2014LV16MAOP001 of 11 November 2014).

⁵¹ Section 11.1 “Sustainable Development” of the Operational Programme “Growth and Employment” (approved by Decision of the European Commission No. CCI 2014LV16MAOP001 of 11 November 2014).

D Proposed Activities

I. Potential Effectiveness (Question 11)

74. In accordance with the Guidelines⁵² on the application of impact assessment methods, the intervention logics of explanations provided for the priority axes of the EU Cohesion Policy Funds of the programming period 2014–2020, i.e. the theory of change, is a model that combines intervention investments or tools with their results within the context of a particular intervention. In brief — the theory of change reflects causal relations that make the logical basis of policy intervention.
75. The clearly defined theory of change includes the following⁵³:
- 75.1. the contextual basis of intervention and how it might affect anticipated results and impact, and how it would be possible to assess the “progress” towards the anticipated results;
 - 75.2. the mechanism of change — connections between intervention components and its results;
 - 75.3. an understanding of the fact that different interested parties may interpret the “logics” of the programme and its goals differently.
76. After assessing the intervention logics of five investment priorities of the 8th priority axis “Education, Skills and Lifelong Learning”, the following deficiencies have been established in three investment priorities:
- 76.1. For investment priority 8.2 “Improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels, particularly for groups in an unfavourable situation”, it has been established that despite the fact that the curriculum of education programmes does not comply with labour market needs is mentioned in both Operational Programme and National Reform Programme of Latvia as a problem, the Operational Programme still fails to specify detailed actions for solving this problem;
 - 76.2. For investment priority 8.3 “Reducing early school-leaving and promoting equal access to good-quality pre-school, primary and secondary education, including formal, informal and daily possibilities of studies, which allow early school leavers to resume obtaining of education and studies”, the following has been established:
 - 76.2.1. the SO aimed at the development of individual competences of students stipulates no output or result indicator that would reflect the number of students that will have received support for the development of individual competences;

In accordance with the information provided by MoES⁵⁴:

⁵² SIA “Ernst&Young Baltic” (uniform reg. No. 40003593454) Guidelines of 31 January 2014 on the Application of Impact Assessment Methods to Priority Axes of EU CP Funds of the Programming Period 2014–2020.

⁵³ SIA “Ernst&Young Baltic” Guidelines of 31 January 2014 on the Application of Impact Assessment Methods to Priority Axes of EU CP Funds of the Programming Period 2014–2020.

⁵⁴ Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

1) in selecting indicators for each SO, the intervention logics is observed; respectively, in providing support to an educational institution, the educational institution that has received support is included in the indicator;

2) in accordance with the Supplement to the Operational Programme and Cabinet Regulations on SO implementation, a requirement is determined to collect data on support to teachers (8.3.2) and students (8.3.2 and 8.3.4) that have received support

76.2.2. indicators set in the SO that stipulates promoting the involvement of NEET youth in education do not reflect the involvement of NEET youth back into obtaining education;

76.2.3. the Operational Programme provides no detailed assessment of problems and needs in the area of career support, yet specifies that the career support policy and provision of career services to an individual are not introduced as a horizontal system that connects education, employment and social inclusion;

76.2.4. the SO, which stipulates introducing an education quality monitoring system, yet, in supporting the performance of studies within the framework of the activity, has no clear connection now it will promote the achievement of the SO result indicator, as well as stipulates no financing for the development of monitoring instruments, implementation of monitoring, as well as analysis of results and development of recommendations;

In accordance with the information provided by MoES⁵⁵:

A detailed justification, just as in other SOs, will be provided in the initial impact assessment report on the implementation of measure 8.3.6.2, including analysing the OECD Recommendations 2016 for the Improvement of the Education Monitoring System.

76.3. For investment priority 8.5 “Increasing the labour market relevance in education and training systems; promoting the transfer from education to employment and improving vocational education and training system and its quality, including by mechanisms of forecasting necessary skills, adjusting study programmes and labour-based study programme, including a dual learning programme and apprenticeship”, it has been established that no result indicator is determined for the defined output indicator “The number of elaborated modular VET programmes within the framework of ESF support — 184”.

II. Guiding Principles for the Selection of Projects/Supported Actions (Question 12)

77. In accordance with the Law⁵⁶, the selection of project applications can be:

77.1. open, if equal competition occurs between the submitters of project applications for the approval of a project application and allocation of EU fund financing;

⁵⁵ Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

⁵⁶ Section 21 Paragraph one of the Law On the Management of the European Union Structural Funds and Cohesion Funds Programming Period 2014–2020.

- 77.2. limited, if a certain range of project applicants, which are invited to submit project applications, has been known in advance. In this case, all project applications that comply with criteria for the assessment of project applications are approved and financed.
78. The Operational Programme specifies no fundamental principles for the selection of projects, yet specifies that in order to ensure a unified approach to the selection of project applications, unified conformity and administration criteria have been developed, which will be horizontally applied to all SOs, while qualitative criteria and specific conformity criteria will be determined differently, taking into account the specific nature of each SO.
79. In accordance with the Law⁵⁷:
- 79.1. The Managing Authority shall elaborate a methodology for the selection of project applications and submit it to the Monitoring Committee for approval;
- 79.2. The Responsible Institution shall develop criteria for the assessment of project applications, as well as a methodology for the application of these criteria, and submit it to the Monitoring Committee for approval.
80. In accordance with the Monitoring Committee Regulation⁵⁸, it shall examine and confirm the methodology for the selection of project applications, as well as criteria for the assessment of specific objectives, their measures or stage project applications, or amendments thereto.
81. The methodology developed by the Managing Authority for the selection of project applications⁵⁹ lays down the following criteria for the assessment of project applications:
- 81.1. single criteria, including single selection criteria developed by the Managing Authority;
- 81.2. specific conformity criteria developed by the Responsible Institution;
- 81.3. quality criteria developed by the Responsible Institution.
82. 17 single criteria and 13 single selection criteria (if they are applicable to particular SOs) included in the methodology for the selection of project applications are horizontally applied to all SOs.
83. In carrying out the assessment of single criteria, it has been established that these criteria allow determining whether a project application has been drawn up in accordance with set requirements and whether conditions that allow qualifying for the receipt of financing within the framework of a particular SO are fulfilled.
84. In carrying out the assessment of single selection criteria, the following has been established:

⁵⁷ Section 10 Paragraph one Clause 9 and Section 11 Paragraph three Clauses 4 and 5 of the Law On the Management of the European Union Structural Funds and Cohesion Funds Programming Period 2014–2020.

⁵⁸ Sub-paragraph 4.12 and 4.13 of the Regulation on the Monitoring Committee of the European Union Structural Funds and Cohesion Funds Programming Period 2014–2020 (approved on 30 August 2016).

⁵⁹ Internal Legal Act of the Ministry of Finance No. 4.1 of 17 March 2016 “Methodology for the Selection of the European Regional Development Fund, European Social Fund and Cohesion Fund Project Applications for 2014–2020”.

- 84.1. one criterion is aimed at expediency assessment — the expediency of project costs is justified with the analysis of costs and benefits;
- 84.2. three criteria are aimed at the assessment of possible effectiveness:
 - 84.2.1. the project applicant undertakes to ensure the maintenance of the achieved results and to ensure funds for the maintenance of results after finishing project implementation according to time limits determined in Cabinet Regulations on the implementation of SOs;
 - 84.2.2. the project applicant undertakes to ensure the sustainability of the achieved results after finishing project implementation according to time limits determined in Cabinet Regulations on the implementation of SOs;
 - 84.2.3. the project application describes the impact of the potential project on the economic activities of the project applicant, partner and end beneficiary; likewise, the project application includes conditions in relation to ensuring sustainability, which demonstrate the beneficiary's ability to continue economic activities after project implementation.
85. Specific conformity criteria and quality criteria are determined for each SO.
86. The project application selection methodology⁶⁰ determines the following:
 - 86.1. specific conformity criteria are developed by the Responsible Institution, laying down sector-specific requirements;
 - 86.2. the task of quality criteria is to assess project performance in relation to the extent how effectively a particular project allows achieving results and indicators to be achieved within the framework of a specific objective.
87. To carry out the assessment of specific conformity criteria and quality criteria set in SOs, auditors have selected eight SOs out of 18, taking into account the following selection criteria:
 - 87.1. criteria for the assessment of SO project applications have been approved;
 - 87.2. the amount of SO financing in relation to the total financing of the investment priority.
88. In carrying out the assessment of quality criteria set for each selected SO, it has been established that all quality criteria include a criterion based on possible effectiveness and expediency — a criterion on the quality of assessment of the project implementation risk, within the framework of which a project application must feature a risk assessment on possible management, personnel, financial, project implementation and legal risks, as well as must feature a justified plan of measures for the elimination or reduction of identified risks (see Annex 6).

III. Contribution of the Results to Obtaining the Europe 2020 Targets for Education (Question 13)

⁶⁰ Internal Legal Act of the Ministry of Finance No. 4.1 of 17 March 2016 “Methodology for the Selection of the European Regional Development Fund, European Social Fund and Cohesion Fund Project Applications for 2014–2020”.

89. The Partnership Agreement stipulates that a particular connection of investments to the achievement of the Europe 2020 targets and implementation of recommendations provided by the Council of Europe is specified in SO descriptions of the Operational Programme.
90. After assessing result indicators set in investment priority SOs of the 8th priority axis, it has been established that in general they are related to the achievement of the Europe 2020 targets, since:
 - 90.1. in the area of higher education — it is planned to modernise higher educational institutions, to revise and develop joint/new study programmes, to improve the professional competence of the academic personnel, to promote better management in higher educational institutions;
 - 90.2. in the area of reduction of the early school leaving risk — it is planned to modernise general and vocational educational institutions, to introduce an individual approach to the development of students' competences, to involve NEET youth in the fulfilment of programmes of individual measures, to introduce and ensure support measures for reducing the early school leaving risk at educational institutions.

E Other General Points

I. Incorporation of Findings and Conclusions of the Ex-ante Evaluations (Question 2)

91. In accordance with the Regulation⁶¹, ex ante evaluations are carried out to improve the quality of the design of each programme. The Partnership Agreement includes a summary on the fulfilment of the Operational Programme ex ante conditionalities, which was carried out by SIA “KPMG Baltics” (uniform reg. No. 40003235171), preparing a report “Evaluation of Ex Ante Conditionalities of the EU Cohesion Policy Funds Operational Programme for 2014–2020”⁶².
92. The Partnership Agreement specifies no detailed information on which particular recommendations provided by the assessors of the Operational Programme have been taken as a basis for the improvement of the Operational Programme, since, for example, the Partnership Agreement specifies the following:
 - 92.1. descriptions have been improved and actions to be supported have been clarified for the majority of SOs of priority axes;
 - 92.2. the indicators section of the Operational Programme has been significantly improved;
 - 92.3. the financing allocated for research and development has been significantly increased, carrying out the redistribution of EUR 127,000,000 (38.7% increase) for

⁶¹ Article 55 (1)(3) of 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.

⁶² SIA “KPMG Baltics” (uniform reg. No. 40003235171) Ex Ante Evaluation Report of 03 March 2014 “Evaluation of Ex Ante Conditionalities of the EU Cohesion Policy Funds Operational Programme for 2014–2020”.

the priority axis “Research, Technology Development and Innovation” within the framework of the current financing;

92.4. it is necessary to draw attention to certain aspects that might not have been described in the Operational Programme clearly enough, as well as to SOs, the implementation of which can cause a negative environmental impact — on a local or national scale.

93. The Ex Ante Evaluation Report “Evaluation of Ex Ante Conditionalities of the EU Cohesion Policy Funds Operational Programme for 2014–2020”⁶³ provides a total of eight recommendations and after assessing the information provided by the Managing Authority, auditors have established that all the provided recommendations in general have been implemented.

II. Adaptation of the OP to reflect current events (Question 3)

94. In the Audit, it has been established that the Operational Programme has been amended twice since its approval⁶⁴; for the 8th priority axis “Education, Skills and Lifelong Learning”: SO 8.3.4 “To reduce early school leaving by implementing preventive and intervention measures” has been clarified in terms of content, financing⁶⁵ has been redistributed within the framework of investment priority 8.3 “Reducing early school-leaving and promoting equal access to good-quality pre-school, primary and secondary education, including formal, informal and daily possibilities of studies, which allow early school leavers to resume obtaining of education and studies”, as well as the financing of EUR 6,762,578 (including ESF EUR 5,748,191 and State budget EUR 1,014,387) has been used for SO 7.2.1 “To increase the employment of young people not in employment, education or training and to facilitate their participation in education within the framework of Youth Guarantee” managed by the Ministry of Welfare for ensuring the needs of the target group of the project implemented by SEDA.

G SAI’s Assessment of the Design of Operational Programmes

Conclusions

95. In general, actions planned by the Ministry of Education and Science solve problems existing in the area of education; however, in the auditors’ opinion, the descriptions of three specific objectives provide no detailed assessment of problems and needs, wherewith there is a risk that the planned actions to be supported will be ineffective for solving the referred to problems.

⁶³ SIA “KPMG Baltics” Ex Ante Evaluation Report of 03 March 2014 “Evaluation of Ex Ante Conditionalities of the EU Cohesion Policy Funds Operational Programme for 2014–2020”.

⁶⁴ Cabinet Order No. 274 of 3 May 2016 “Amendments to the Operational Programme ‘Growth and Employment’ of the European Union Structural Funds and Cohesion Fund Programming Period 2014–2020”; Cabinet Order No. 484 of 25 August 2016 “Amendments to the Operational Programme ‘Growth and Employment’ of the European Union Structural Funds and Cohesion Fund Programming Period 2014–2020”.

⁶⁵ Conceptual Statement “On the Development of Policy Alternatives for Solving the Early School Leaving Problem to Ensure the Implementation of Specific Objective 8.3.4 ‘To Reduce Early School Leaving by Implementing Preventive and Intervention Measures’” (approved by Cabinet Order No. 286 of 5 May 2016 “On the Conceptual Statement ‘On the Development of Policy Alternatives for Solving the Early School Leaving Problem to Ensure the Implementation of Specific Objective 8.3.4 ‘To Reduce Early School Leaving by Implementing Preventive and Intervention Measures’”).

96. The financing planned for specific objectives under the responsibility of the Ministry of Education and Science, as well as set output and result indicators are substantiated insufficiently, since:
- 96.1. no detailed calculation for the financing of EUR 376,374,175, i.e. 63% of the total financing planned for the 8th priority axis “Education, Skills and Lifelong Learning”, is specified for seven specific objectives from the financing planned for 18 specific objectives;
 - 96.2. deficiencies in the determination of indicators have been established for 12 out of 27 set output indicators, including the following: no detailed justification for the determination of indicators is provided for certain indicators and indicators have been calculated based on the amount of financing available for a specific objective, rather than taking into account the needs of target groups that require support;
 - 96.3. deficiencies in the determination of indicators have been established for two out of 25 set result indicators and, in auditors’ opinion, these result indicators fail to reflect the fact that the specific objective is achieved and the identified problem is solved.

Recommendations

- 97. For MoES to assess the possibility of revising the effectiveness of planned actions to be supported, ensuring the solving of identified problems within the framework of investment priorities 8.2, 8.3 and 8.5.
- 98. For MoES to implement actions to ensure that SO indicator passports, due to deficiencies established, specify detailed information on calculations that form the amount of the financing necessary for SOs for achieving output and result indicators, as well as provide a detailed justification for the determination of output and result indicators to ensure the provision of precise and true information on the progress of achievement of set results.

Part III — The Implementation of Operational Programmes in Projects

H Overview of the Projects

99. In accordance with the Audit Plan approved by the Managing Authority⁶⁶, the selection shall include projects in the area of education, which had been approved by 30 June 2016. According to the information provided by the Responsible Institution, two projects, on the implementation of which agreements were signed (see Table 5), were approved within the framework of the 8th priority axis by 30 June 2016:
- 99.1. The project “Support to the EQAR Agency for the Implementation of Set Requirements” of SO 8.2.4 “To provide support to the EQAR agency for the implementation of set requirements”⁶⁷, which, in accordance with an agreement signed⁶⁸, is implemented by the foundation “Academic Information Centre” with the EU structural funds financing of EUR 1,275,500;
- 99.2. The project⁶⁹ “KNOW and DO” of SO 8.3.3 “To develop the skills of NEET youth non-registered in SEA and promote their involvement into education, measures implemented by SEA within the framework of the Youth Guarantee, and NGOs or youth centres”, which, in accordance with the agreement signed⁷⁰, is implemented by the Agency for International Programmes for Youth with the EU structural funds financing of EUR 7,650,000.

Table 5: Operations approved by 30 June 2016

Financial year	Number of operations approved	Amount of EU funds (without national co-financing)
2015.	1	7,650,000
2016.	1	1,275,000

100. Short description of the project: “Support to the EQAR Agency for the Fulfilment of Set Requirements” (see Table 6):

⁶⁶ Audit Plan of the Parallel Audit “Contribution of the Structural Funds to the Europe 2020 Strategy in the Areas of Education and/or Employment” of 2 June 2016 carried out by the Working Group on Structural Funds VII of the EU Contact Committee.

⁶⁷ Project Application “Support to the EQAR Agency for the Fulfilment of Set Requirements” ID No. 8.2.4.0/15/I/001 of 9 February 2016 submitted by the foundation “Academic Information Centre”.

⁶⁸ Agreement No. 8.2.4.0/15/I/001 on the implementation of the European Union fund project entered into by and between the Central Finance and Contracting Agency and the foundation “Academic Information Centre” on 8 March 2016.

⁶⁹ Project Application “KNOW and DO” ID No. 8.3.3.0/15/I/001 of 14 October 2015 submitted by the Agency for International Programmes for Youth.

⁷⁰ Agreement No. 8.3.3.0/15/I/001 on the implementation of the European Union fund project entered into by and between the Central Finance and Contracting Agency and the Agency for International Programmes for Youth on 2 November 2015.

- 100.1. The goal of the project is to ensure support to the Agency of the European Quality Assurance Register for Higher Education (EQAR) for the fulfilment of set requirements, including for increasing the performance quality and enhancing the capacity of the agency.
- 100.2. Actions planned in the project are aimed at achieving the project goal and SOs and eliminating the main problem — a lack of a single quality assurance system that complies with the standards and guidelines for quality assurance in the European Higher Education Area (ESG):
 - 100.2.1. increasing the agency's performance quality and enhancing capacity; thus, the agency will ensure its conformity to ESGs;
 - 100.2.2. development of a higher education quality monitoring system; as the result, the agency will create a system compatible with other education information systems, which will ensure the circulation of documents necessary for the implementation of higher education monitoring, collection of data and availability of data analysis tools;
 - 100.2.3. taking support and informative measures for higher educational institutions and partners involved in the accreditation system, improving the competence of personnel, Latvian and foreign experts involved in the accreditation process and ensuring the awareness and cooperation of institutions involved in the accreditation process;
 - 100.2.4. project management and implementation, thus attracting necessary financing for achieving the goal of the project and SOs;
 - 100.2.5. information and publicity measures on project implementation, ensuring the awareness of institutions, experts involved in the accreditation process and the public about the project progress and achieved results.
101. Short description of the project: “Project ‘KNOW and DO’” (see Table 6):
 - 101.1. The goal of the project is to motivate and encourage NEET youth non-registered in SEA as unemployed. Likewise, the goal of the project is to promote the involvement of this youth in education, including in training, Youth Guarantee measures implemented by SEA and SEDA, and in activities of non-governmental organisations or youth centres.
 - 101.2. Within the framework of the project, all local governments involved in the project will apply a complex approach to work with youth for them to receive the most comprehensive support suitable for their individual needs for achieving set project goals and personal growth goals. Each youngster of the target group will be provided the following support:
 - 101.2.1. addressing and consulting the target group:

101.2.1.1. initial motivation of the target group youngster to get involved in the project and implementation of an individual programme of measures;

101.2.1.2. provision of information to the target group youngster on participation in the project;

101.2.1.3. conformity check of target group youngsters to the project target group;

101.2.2. profiling and consulting the target group:

101.2.2.1. individual profiling of the target group youngster in accordance with the developed methodological guidelines;

101.2.2.2. analysing the result of profiling of the target group youngster and its description in the target group youngster's file; consulting the target group youngster;

101.2.3. development of an individual programme of measures for the target group youngster or a career consultation:

101.2.3.1. development of an individual programme of measures, taking into account profiling results and its description in the target group youngster's file;

101.2.3.2. preparation of an agreement on the participation of the target group youngster in the implementation of the individual programme of measures within the framework of the project and mutual signing thereof;

101.2.3.3. career consultations of the target group youngster for directing towards Youth Guarantee project measures implemented by SEDA or SEA, if the youngster is ready to immediately get involved therein after profiling and consultations with the programme supervisor;

101.2.4. provision of support measures in accordance with the individual programmes of measures of the target group youngster.

101.3. The availability of support measures for the target group youngster will be ensured by local governments, creating strategic partnerships with state, local government and non-governmental organisations (societies, youth organisations, youth centres, employers' organisations, probation services, municipal police, educational institutions, sports institutions, local enterprises, etc.) located in the local government's territory.

Table 6: Description of selected projects

Name of the Operational Programme: “Growth and Employment”									
Project	Investment priority	EU funds	National co-financing	Total eligible cost	Project output indicator and target value, if any ⁶	Achieved level of project output indicator, if any ⁶	Project result indicator and target value, if any ⁶	Achieved level of project result indicator, if any ⁷¹	Fully implemented? ⁷²
“Support to the EQAR Agency for the Fulfilment of Set Requirements”	8.2. Improving the quality, efficiency and openness of tertiary and equivalent education with a view to increasing participation and attainment levels, particularly for groups in an unfavourable situation	1,275,000	225,000	1,500,000	The number of institutions that have received ESF support for the fulfilment of EQAR requirements — 1	0	The number of institutions in Latvia that meet requirements set for the EQAR agency — 1	0	No
“KNOW and DO”	8.3. Reducing early school-leaving and promoting equal access to good-quality pre-school, primary and secondary education, including formal, informal and daily possibilities of studies, which allow early school leavers to resume obtaining of education and studies;	7,650,000	1,350,000	9,000,000	The number of NEET youth non-registered in SEA who have participated in ESF-supported measures — 5,262	0	The number of NEET youth non-registered in SEA, who have successfully completed their individual support programme within the framework of ESF support — 3,684	0	No

⁷¹ Not required by EU regulations.

⁷² Fully implemented operations are those which have been physically completed in accordance with Article 2.14 CPR, even if not all related payments have yet been made by beneficiaries or the corresponding public contribution has not yet been paid. Partially implemented operations refer to operations which have not yet been fully implemented.

I Selection of Projects by MA

102. See Table 7 for the assessment of the selection process of the aforementioned two projects.

Table 7: Selection of projects

Name of the Operational Programme: “Growth and Employment”							
Project	Clear, objective and verifiable selection and award criteria defined by MA	Selection and award criteria linked to intended results of OP and headline targets	Explanation by beneficiary how project will reach its goals, contribute to results of OP and headline targets	Project proposal met the selection and award criteria	Was cost-efficiency a criterion and was this applied correctly by MA?	Legally binding agreement on the project-specific outputs and results between MA and beneficiary	Does the MA make financial support contingent upon achievement of output and results? If yes, (and if already applicable) has it cut the support?
Support to the EQAR Agency for the Fulfilment of Set Requirements	Yes, the following has been developed: - the Cabinet Regulation ⁷³ stipulating that support will be implemented in the form of limited selection of project applications, in one stage of project application selection for the entire financing available for the specific support and the project applicant within the framework of the specific support is the foundation “Academic Information Centre”; - criteria for the	Yes, specific conformity and quality assessment criteria of project applications ⁷⁵ are related to the creation of the EQAR agency, which is an output and result indicator to be achieved.	Partially, since the beneficiary has indicated in the project application that the actions planned in the project are aimed at solving identified problems, achieving the project goal and SO target, yet has failed to explain how exactly the achievement of the Europe 2020	Yes, since, based on decisions adopted ⁷⁷ and the opinion ⁷⁸ provided by the Cooperation Institution, the project has been supported.	Yes, the single assessment criteria of the project application ⁷⁹ includes a criterion that stipulates that total costs, planned actions to be supported and cost items comply with the provisions of the Cabinet Regulation ⁸⁰ and are related to project implementation, are necessary for project implementation and ensure the	Yes, the Cooperation Institution and the project applicant the Foundation “Academic Information Centre” entered into Agreement No. 8.2.4.0/15/I/001 on the implementation of the EU funds project on 8 March 2016, wherein they agreed on the procedures for project implementation, financing allocation and monitoring, stipulating the duty of the beneficiary to ensure the	No, since in accordance with information available in KPVIS (Information System for the Management of Cohesion Policy Funds), two advance payments for the total amount of EUR 63,140 and two payment requests for the total amount of EUR 26,396,

⁷³ Cabinet Regulation No. 479 of 18 August 2015 “Regulations on the Implementation of Specific Objective 8.2.4 ‘To Provide Support to the EQAR Agency for the Fulfilment of Set Requirements’ of the Operational Programme ‘Growth and Employment’”.

	assessment of project applications ⁷⁴ , which include information on single criteria, specific support criteria and quality criteria.		targets will be promoted. According to the information provided by MoES ⁷⁶ , the achievement of the Europe 2020 targets by assessing all SO investments within the competence of MoES.		achievement of the target and indicators set by the project.	achievement of goals, performance results and monitoring indicators stipulated by the project.	which in total form EUR 89,536, have been approved for the beneficiary within the framework of the project, yet output and result indicators have not been achieved yet.
KNOW and DO	Yes, the following has been developed: - the Cabinet Regulation ⁸¹ stipulating that support objectives will be implemented in the form of limited selection of project applications and the project applicant is the Agency for International	Yes, specific conformity and quality assessment criteria of project applications ⁸³ are related to NEET youth non-registered in SEA, which have received support and have successfully	Partially, since the beneficiary has specified in the project how project goals will be achieved and results of the Operational Programme will be promoted, yet has	Yes, since, based on the decision adopted ⁸⁵ and the opinion ⁸⁶ provided by the Cooperatio	Yes, the single assessment criteria of the project application ⁸⁷ includes a criterion that stipulates that total costs, planned actions to be supported and cost items comply with the provisions of	Yes, the Cooperation Institution and the project applicant the Agency for International Programmes for Youth entered into Agreement No. 8.3.3.0/15/I/001 on the implementation of the EU funds project on 2 November 2015,	No, since in accordance with information available in KPVIS (Information System for the Management of Cohesion Policy Funds), four payment requests

⁷⁵ Minutes of the Monitoring Committee No. P-2015/UK/1 “Criteria for the Assessment of SO 8.2.4 Project Applications” of 30 April 2015.

⁷⁷ Decision of the Central Finance and Contracting Agency No. 39-2-40/5842 “On the approval of project application No. 8.2.4.0/15/I/001 with a condition” and Decision of the Central Finance and Contracting Agency No. 39-2-40/355 “On the approval of project application No. 8.2.4.0/15/I/001 with a condition”.

⁷⁸ Opinion of the Central Finance and Contracting Agency No. 39-2-40/795 “On the fulfilment of conditions of project application No. 8.2.4.0/15/I/001”.

⁷⁹ Minutes of the Monitoring Committee No. P-2015/UK/1 “Criteria for the Assessment of SO 8.2.4 Project Applications” of 30 April 2015.

⁸⁰ Cabinet Regulation No. 479 of 18 August 2015 “Regulations on the Implementation of Specific Objective 8.2.4 ‘To Provide Support to the EQAR Agency for the Fulfilment of Set Requirements’ of the Operational Programme ‘Growth and Employment’”.

⁷⁴ Minutes of the Monitoring Committee No. P-2015/UK/1 “Criteria for the Assessment of SO 8.2.4 Project Applications” of 30 April 2015.

⁷⁶ Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

⁸¹ Cabinet Regulation No. 385 of 7 July 2015 “Regulations on the Implementation of Specific Objective 8.3.3 ‘To develop the skills of NEET youth non-registered in SEA and promote their involvement into education, measures implemented by SEA within the framework of the Youth Guarantee, and NGOs or youth centres’ of the Operational Programme ‘Growth and Employment’”.

	<p>Programmes for Youth; criteria for the assessment of project applications⁸², which include information on single criteria, specific support criteria and quality criteria.</p>	<p>fulfilled an individual programme of measures within the framework of ESF support, which is an output and result indicator to be achieved.</p>	<p>failed to explain how exactly the achievement of the Europe 2020 targets will be promoted. According to the information provided by MoES⁸⁴, the achievement of the Europe 2020 targets by assessing all SO investments within the competence of MoES.</p>	<p>Institution, the project has been supported.</p>	<p>the Cabinet Regulation⁸⁸ and are related to project implementation, are necessary for project implementation and ensure the achievement of the target and indicators set by the project.</p>	<p>wherein they agreed on the procedures for project implementation, financing allocation and monitoring, stipulating the duty of the beneficiary to ensure the achievement of goals, performance results and monitoring indicators stipulated by the project, including horizontal principle indicators.</p>	<p>for the total amount of EUR 219,688 have been approved for the beneficiary within the framework of the project, yet output and result indicators have not been achieved.</p>
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⁸³ Minutes of the Monitoring Committee No. L-2014/25 “Criteria for the Assessment of SO 8.3.3 Project Applications” of 23 December 2014.

⁸⁵ Decision of the Central Finance and Contracting Agency No. 39-2-40/4876 “On the fulfilment of conditions of project application No. 8.3.3.0/15/I/001” of 9 October 2015.

⁸⁶ Opinion of the Central Finance and Contracting Agency No. 39-2-40/5002 “On the fulfilment of conditions of project application No. 8.3.3.0/15/I/001” of 19 October 2015.

⁸⁷ Minutes of the Monitoring Committee No. L-2014/25 “Criteria for the Assessment of SO 8.3.3 Project Applications” of 23 December 2014.

⁸² Minutes of the Monitoring Committee No. L-2014/25 “Criteria for the Assessment of SO 8.3.3 Project Applications” of 23 December 2014.

⁸⁴ Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

⁸⁸ Cabinet Regulation No. 385 of 7 July 2015 “Regulations on the Implementation of Specific Objective 8.3.3 ‘To develop the skills of NEET youth non-registered in SEA and promote their involvement into education, measures implemented by SEA within the framework of the Youth Guarantee, and NGOs or youth centres’ of the Operational Programme ‘Growth and Employment’”.

J Measuring Results

103. Since only two projects, for which neither output nor result indicators have been achieved yet, had been approved by 30 June 2016, institutions involved in the management of EU funds are unable to carry out the assessment of achieved results.

M SAI's Assessment of the Implementation of Operational Programmes in Projects

Conclusions

104. Since only two projects were approved by 30 June 2016, it was impossible to assess the achievement of output and result indicators for projects implemented within the framework of the 8th priority axis "Education, Skills and Lifelong Learning" during the audited period. In auditors' opinion, there is a risk that planned financial, output and result indicators will not be achieved in the interim assessment period of EU Structural Funds, i.e. in 2018.

Head of the audit group,

Acting Head

Natalja Mihailova

State Auditor

Žaneta Ailte

Annex 1: Assessment Criteria

Audit Questions	Set Criteria	Applied Criteria
Is a detailed justification provided for problems included in each investment priority?	<ul style="list-style-type: none"> no explanation is provided (the Operational Programme and/or other documents fail to explain why the Managing Authority / Responsible Institution adopted a decision); 	The explanation provided in the Operational Programme is acceptable yet the description of several SOs provides no detailed assessment of problems and needs.
Is an explanation provided for SOs included in each investment priority?	<ul style="list-style-type: none"> several explanations are provided (several explanations are provided in the Operational Programme and/or other documents); the explanation is acceptable (a detailed explanation is provided in the Operational Programme and/or other documents, but it is partially justified with evidence); appropriate explanation is provided (a detailed explanation is provided in the Operational Programme and/or other documents, which is justified with evidence). 	The explanation provided in the Operational Programme is acceptable, since an indicative description of the action to be implemented is provided therein for each SO, including detailed information on the area of support planned within the framework of SO. Likewise, information is provided on planned actions to be supported for promoting horizontal priorities.
Are financial indicators set in SOs justified? Are the costs of one unit specified in indicator passports justified?	<ul style="list-style-type: none"> several explanations are provided (several explanations are provided in the Operational Programme and/or other documents); the explanation is acceptable (a detailed explanation is provided in the Operational Programme and/or other documents, but it is partially justified with evidence); appropriate explanation is provided (a detailed explanation is provided in the Operational Programme and/or other documents, which is justified with evidence). 	Indicator passports provide several explanations on financial indicators, yet in the audit, after assessing the validity of the financing planned for 18 SOs of the 8 th priority axis “Education, Skills and Lifelong Learning” in SO indicator passports ⁸⁹ , deficiencies have been established in nine SOs, for seven of these SOs no detailed calculation for the amount of the financing of EUR 376,374,175 is specified (see Table 1).
Does the Operational Programme provide a clear justification to that how proposed measures for each of investment priorities and SOs included therein promote the fulfilment of output indicators?	<ul style="list-style-type: none"> several explanations are provided (several explanations are provided in the Operational Programme and/or other documents); the explanation is acceptable (a detailed explanation is provided in the Operational Programme and/or other documents, but it is partially justified with evidence); appropriate explanation is provided (a detailed explanation is provided in the Operational Programme and/or other documents, which is justified with evidence). 	The explanation provided in the Operational Programme is acceptable.
Does each investment priority have a clear justification for the planned output investment in the achievement of result indicators, target values and SOs (intervention logics)?	<ul style="list-style-type: none"> several explanations are provided (several explanations are provided in the Operational Programme and/or other documents); the explanation is acceptable (a detailed explanation is provided in the Operational Programme and/or other documents, but it is partially justified with evidence); appropriate explanation is provided (a detailed explanation is provided in the Operational Programme and/or other documents, which is justified with evidence). 	The explanation provided in the Operational Programme is acceptable. In general, MoES has ensured a clear connection between problems, actions to be implemented and results to be achieved; however, in the auditors’ opinion, no detailed justification of problems and actions to be implemented for the solving of problems are specified in certain cases.
Is there a clear explanation for how result indicators set in SOs will promote the achievement of the Europe 2020 targets?	<ul style="list-style-type: none"> several explanations are provided (several explanations are provided in the Operational Programme and/or other documents); the explanation is acceptable (a detailed explanation is provided in the Operational Programme and/or other documents, but it is partially justified with evidence); appropriate explanation is provided (a detailed explanation is provided in the Operational Programme and/or other documents, which is justified with evidence). 	The explanation provided in the Operational Programme is acceptable. After assessing result indicators set in investment priority SOs of the 8 th priority axis, it has been established that in general they are related to the achievement of the Europe 2020 targets, since: <ul style="list-style-type: none"> in the area of higher education — it is planned to modernise higher educational institutions, to revise and develop joint/new study programmes, to improve the professional competence of the academic personnel, to promote better management in higher educational institutions;

⁸⁹ Indicator passports of specific objectives 8.1.1, 8.1.2, 8.1.3, 8.1.4, 8.2.4, 8.3.2, 8.3.4, 8.3.5, 8.3.6, 8.4.1, 8.5.2 and 8.5.3 of the Operational Programme “Growth and Employment” (http://www.esfondi.lv/upload/14-20_gads/Planosana/raditaju_pases_visas-pec_030516_dp-groz.zip).

		<ul style="list-style-type: none"> - in the area of reduction of the early school leaving risk — it is planned to modernise general and vocational educational institutions, to introduce an individual approach to the development of students’ competences, to involve NEET youth in the fulfilment of programmes of individual measures, to introduce and ensure support measures for reducing the early school leaving risk at educational institutions.
<p>Has the beneficiary explained how the project will promote the achievement of the Europe 2020 targets?</p>		<p>Project applications provide no clear explanation as to how the project will promote the attainment of the Europe 2020 targets; however, according to the information provided by MoES⁹⁰, the achievement of Europe 2020 targets is planned by assessing all SO investments within the competence of MoES.</p>

⁹⁰ Letter of the Ministry of Education and Science No. 01-34/124-IP dated 21 December 2016 “On the draft Audit Report in audit case No. 2.4.1-14/2016”.

Annex 2: National Indicators: Education and Employment

Europe 2020 strategy — headline targets	EU wide indicators	National indicators (if different)	Definition	Status of quantitative indicators 2011	Status of quantitative indicators 2015
1. Employment	75% of the 20-64 year-olds to be employed	Employment level (aged 24–64 years) — 73%	The share of employed inhabitants from the total number of inhabitants of the relevant age group, in percentage form ⁹¹ .	66.3 %	72.5 %
4. Education	<ul style="list-style-type: none"> Reducing school drop-out rates below 10% 	The share of early school leavers aged 18–24: 13.4% ⁹²	The share of persons aged 18–24 years, whose obtained level of education is primary education or lower and who have not been studying for four weeks, in the total number of inhabitants of the relevant age group, in percentage form.	11.6 %	9.9 %
	<ul style="list-style-type: none"> at least 40% of 30-34-year-olds completing third level education 	The share of population aged 30–34 having completed tertiary education: 34–36%	The share of persons aged 30–34 years, who have obtained higher education, in the total number of inhabitants of the relevant age group, in percentage form.	35.9 %	41.3 %
5. Poverty / social exclusion	at least 20 million fewer people in or at risk of poverty and social exclusion	The share of persons subject to the poverty risk and/or living in low work intensity households — 21% (to reduce their number by 121,000 persons)	Poverty risk index — the share of inhabitants (in percentage form), whose equivalent income available thereto is below 60% of the median of the national equivalent income. The work intensity refers to the number of months that all working-age household members have been working during the income reference year as a proportion of the total number of months that could theoretically be worked within the household ⁹³ .	21.9 %	- ⁹⁴

⁹¹ <http://www.csb.gov.lv/statistikas-temas/metodologija/nodarbinatiba-un-bezdarbs-36895.html> (viewed on 4 October 2016).

⁹² <http://www.csb.gov.lv/statistikas-temas/termini/jauniesi-kuri-partraukusi-macibas-36905.html> (viewed on 4 October 2016).

⁹³ Explanation provided by the Central Statistical Bureau on 17 October 2016 in Letter No. 0706_10/1166 — *Individuals are classified into five work intensity categories that range from WI=0 (jobless household); 0 < WI < 1; 0 < WI < 0.5 and 0.5 ≤ WI < 1 up to WI = 1 (full employment). It is assumed that an individual lives in a household with low work intensity, if WI ≤ 0.2.* <http://www.csb.gov.lv/statistikas-temas/metodologija/nabadzibas-ienakumu-nevienlidziba-36833.html> (viewed on 4 October 2016).

⁹⁴ 23.9% (data for 2014). Data for 2015 will be available in February 2017.

Annex 3: All Structural Funds Operational Programmes in Member State

Budget of the Operational Programmes (2014-2020)									Audit
OP	ERDF	ESF	ESF used for YEI (if applicable)	CF	Specific allocation for YEI (if applicable)	National co-financing	Total	Percentage	Covered by audit? (yes/no)
A	B	C	D	W	F	G	H H=B+C+D+E+F+G	I I=H/sum(H)	
"Growth and Employment"	€ 2,401,252,452	€ 609,544,789	€ 29,010,639	€ 1,349,414,695	€ 29,010,639	€ 774,568,725	€ 5,192,801,939	100%	Yes
Total	€ 2,401,252,452	€ 609,544,789	€ 29,010,639	€ 1,349,414,695	€ 29,010,639	€ 774,568,725	€ 5,192,801,939	100%	Yes

Annex 4: Allocation of European funds to thematic objectives⁹⁵

Thematic objective pursuant to Article 9 CPR	ERDF		ESF		CF	
	In euro	Percentage	In euro	Percentage	In euro	Percentage
8: Promoting sustainable and quality employment and supporting labour mobility	0	0	112,148,340 ⁹⁶	18.40	0	0
9 (only if the amount is related to employment or education): Promoting social inclusion, combating poverty and any discrimination	-	-	-	-	-	-
10: Investing in education, training and vocational training for skills and lifelong learning	277,460,786	11.55	232,752,302	38.19	0	0
Other [thematic objectives 1–7, 9, 11, technical assistance]	2,123,791,666	88.45	264,644,147	43.41	1,349,414,695	100
Total	2,401,252,452	100%	609,544,789	100%	1,349,414,695	100%

⁹⁵ National co-financing is not to be included.

⁹⁶ According to the information provided by the Ministry of Finance on 21 October 2016, the specified financing does not include the YEI/ESF financing of EUR 58,021,278.

Annex 5. Investment Priorities, SOs, Financial, Output and Result Indicators of the 8th Priority Axis “Education, Skills and Lifelong Learning” of the Operational Programme “Growth and Employment”

Investment priority	Specific objective	The total financing for a specific objective, (financial indicator) EUR⁹⁷	Output indicators	Result indicator
8.1. Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure.	8.1.1. Increase number of modernized study programs of STEM, including medicine and creative industries	44,641,656	8.1.1.a. Capacity of supported higher education infrastructure – 2069 (number of persons);	8.1.1.a Share of modernized STEM study programs, including medicine and creative industries, out of total – 100 %;
	8.1.2. To improve study environment of general education institutions	162,810,957	8.1.2.a. Capacity of supported general educational establishments, including those implementing vocational education programmes – 45 600 (number of persons);	8.1.2.a Number of fully modernized general education institutions – 100 -115;
				8.1.2.b Proportion of students who have access to fully modernized general education environment (from total) – 20-25 %;
	8.1.3. To increase number of fully modernised vocational education institutions	104,786,645	8.1.3.a. Capacity of supported vocational education infrastructure – 10 800 (number of persons);	8.1.3.a Proportion of fully modernised vocational education institutions – 70-80 %;
8.1.4. To improve the learning environment of the first level professional higher education STEM, incl. medicine and creative industry, programs	14,185,198	8.1.4.a. Capacity of services in supported college education infrastructure – 1023 (number of persons).	8.1.4.a The proportion of colleges with fully modernized study environment for first-level professional higher education STEM, including medical and creative industries, study programs of the total number of colleges, that implement mentioned priority programs – 61 %	
8.2. Improving the quality and efficiency of, and access to, tertiary and equivalent education with a view to increasing	8.2.1. Reduce fragmentation of study programs and strengthen resource sharing	10,815,000	8.2.1.a. Number of joint doctoral study programmes that are elaborated and introduced with ESF support – 15;	8.2.1.a. Number of closed study programs, which are basis of newly created study programs supported by ESF – 15;
			8.2.1.b. Total number of study programs in the EU languages (except Latvian) that are elaborated and introduced with ESF support – 80;	8.2.1.b. Number of supported new joint doctoral study programs that have received EQAR accreditation – 80;
			-	8.2.1.c. Number of supported new study

⁹⁷ <http://www.esfondi.lv/izglitiba-prasmes-muzizglitiba> (skatīts 28.10.2016.).

participation and attainment levels, especially for disadvantaged groups.				programmes in EU languages (except Latvian) that have received EQAR accreditation – 220;
	8.2.2. To strengthen academic personnel of HEI in strategic specialisation areas	34,340,686	8.2.2.a. The number of PhD students who have received ESF support for work in higher educational institution – 420;	8.2.2.a. Number supported of doctoral students who have obtained the doctoral degree and during 6 months after getting degree work as academic staff in a higher education institution – 378;
			8.2.2.b. Number of foreign teachers that have received ESF support for work at higher education institution – 300;	8.2.2.b. Number of foreign lecturers that during 6 months after receiving support continue academic work in higher education institution of Latvia (as a person elected to an academic position or as a foreign/visiting lecturer) – 90;
			8.2.2.c. Number of academic personnel that have received ESF support for improvement of professional competence – 1140;	8.2.2.c. Number of academic personnel having improved their competence – 1116;
	8.2.3. To ensure better governance in HEI	20,000,000	8.2.3.a. The number of HEI that have received ESF support for development strategies and implementation of results oriented governance – 20;	8.2.3.a. The number of HEI that have introduced their development strategies and implemented results oriented governance – 20;
8.2.4. To provide support for implementation of requirements of EQAR agency	1,500,000	8.2.4.a. Number of institutions that have received ESF support for fulfillment of EQAR requirements – 1	8.2.4.a. The number of institutions in Latvia that meet EQAR agency requirements – 1	
8.3. Reducing and preventing early school-leaving and promoting equal access to good quality early-childhood, primary and secondary education, including formal, non-formal and	8.3.1. To develop competency-based general education curriculum	18,182,071	8.3.1.a. Number of guidelines and standards in general education that tested and introduced with ESF support – 3;	8.3.1.a. Number of approved guidelines and standards in general education that ensure implementation of competency-based curriculum – 3;
			8.3.1.b. Number of competence-based methodic and study materials for students (incl. students with learning disorders) and teachers that are elaborated with ESF support – 61;	
			8.3.1.c. Number of methodic and study materials for students with mental disorders that are elaborated with ESF support – 15;	
8.3.2. To increase support for general education institutions to develop students' individual	37,632,740	8.3.2.a. Number of general education establishments that have received ESF support for development and introduction of	8.3.2.a. Number of general education institutions that have introduced individual approach for development of students'	

informal learning pathways for reintegrating into education and training.	competences		personalized study approach to develop educatees' individual competences – 272;	competencies – 272;
	8.3.3. To increase not registered in SEA NEET youth's skills and promote their involvement into education, measures implemented by SEA within the framework of Youth Guarantee, and NGOs or youth centres	9,000,000	8.3.3.a. Number of NEET youth not registered in SEA who have participated in ESF supported measures – 5262;	8.3.3.a. Number of non-registered in SEA NEETs who have successfully completed their individual support program within the framework of ESF support – 3684;
	8.3.4. To reduce early school leaving by implementing preventive and intervention measures	39,812,376	8.3.4.a. Number of educational institutions that have received ESF support for reducing the risk of early school leaving — 665;	8.3.4.a. The number of educational institutions that have introduced and ensure systemic support for reducing the risk of early school leaving – 665;
	8.3.5. To improve access to career support for students in general and vocational education institutions	23,080,688	8.3.5.a. Number of general and vocational education establishments that have received ESF support for career education and career development support – 328;	8.3.5.a. Number of general and vocational education institutions that ensure career support for students – 328;
	8.3.6. To introduce education quality monitoring system	11,064,359	8.3.6.a. Number of supported international research – 5; 8.3.6.b. Number of supported national research – 9	8.3.6.a. Number of introduced education quality monitoring systems – 1
8.4. Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting	8.4.1. To develop professional competence of employees	27,034,565	8.4.1.a. Number of employed persons at age from 25 that are involved in training with ESF support, excluding employed with low level of education – 25 693	8.4.1.a. Number of employed people at age 25 + who have improved competencies after participation in ESF supported training (excluding employees with low education level) – 14 568;
			8.4.1.b. Number of employed persons at age from 25 with low level of education that are involved in training with ESF support – 12 934	8.4.1.b. Number of employed people with low level of education at age 25 + who have improved competencies after participation in ESF supported training – 9934

flexible learning pathways including through career guidance and validation of acquired competences.				
8.5. Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training (VET) systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning	8.5.1. To increase number of qualified VET students through participation in work-based learning and practice in enterprise	21,937,153	8.5.1.a. The number of students of vocational education who have participated in work-based learning or apprenticeship within the framework of ESF support – 3150;	8.5.1.a. Number of ESF supported students who have received qualification certificate or certificate confirming professional training after participation in work-based learning or apprenticeship and within 6 months after gaining qualification are employed – 70-80%;
			8.5.1.b. The number of students of vocational education who have participated in practical training within the framework of ESF support – 11 025;	8.5.1.b. Number of ESF supported students who have received qualification certificate or certificate confirming professional training after participation in practical training and praxis in enterprises and within 6 months after gaining qualification are employed (from total) – 70-73%;
	8.5.2. To ensure conformity of vocational education to European qualifications framework	12,936,510	8.5.2.a. The number of elaborated profession standards/professional qualification basic requirements within the framework of ESF support – 160;	8.5.2.a. Number of supported and approved vocational standards and basic vocational qualifications requirements – 160;
			8.5.2.b. The number of elaborated modular VET programmes within the framework of ESF support – 184;	
	8.5.3. To ensure efficient management of VET institutions and improve professional competencies of the involved personnel	6,490,095	8.5.3.a. Employees who have received ESF support for training (teachers, administrators, practice managers, craftsmen) – 5775.	8.5.3.a. Number of persons who have obtained qualification after participation in the ESF training for improvement of professional competencies (teachers, administrators, practice teachers and craftsmen, who have raised their professional competencies) – 4428.

systems, including dual learning systems and apprenticeship schemes.				
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Annex 6. Criteria for the Assessment of Specific Objective Project Applications of the 8th Priority Axis “Education, Skills and Lifelong Learning” of the Operational Programme “Growth and Employment”

Specific objective	Total number of quality criteria	Number of quality criteria based on possible effectiveness and expediency	Name of the quality criteria
8.1.2 “To improve the study environment of general educational institutions”	4	1	The project application includes an assessment of project implementation risks (including construction design quality, quality of construction works, including quality of construction supervision, unforeseen additional or replaced construction works; risks of purchase and supply of training equipment; risk of increase in costs, and other risks): the project application provides a high-quality assessment of possible risks, including management and personnel risks (including insufficiency of human resources, lack of professionalism, sufficient involvement of professional personnel), financial risks (including incorrectly planned financial flow, accounting risk), implementation risks (including quality of fulfilment of construction works, quality of the project design, construction works and construction supervision; unforeseen additional and replaced construction works; purchase and supply of training equipment; possible increase in costs; project implementation within the planned schedule, etc.) and legal risks (including non-observance of contractual obligations, incorrect performance of the procurement procedure), risks of achievement and administration of results and monitoring indicators, and a developed justified plan of measures for the elimination or reduction of identified risks.
8.1.3 “To increase the number of fully modernised vocational educational institutions”	5	2	<ul style="list-style-type: none"> - a substantiated calculation of social and economic return has been performed for investments planned in the project in accordance with the provisions of Cabinet Regulations on the implementation of the specific objective, and its results allow making planned investments. The economic benefit norm of the project is used for assessing the social and economic return of the project. - the project application includes an assessment of project implementation risks (including construction design quality, quality of construction works, including quality of construction supervision, unforeseen additional or replaced construction works; risks of purchase and supply of training equipment; risk of increase in costs, and other risks): Provides a high-quality assessment of possible risks, including management and personnel risks (including insufficiency of human resources, lack of professionalism, sufficient involvement of professional personnel), financial risks (including incorrectly planned financial flow, accounting risk), implementation risks (including quality of fulfilment of construction works and construction supervision; unforeseen additional or replaced construction works; purchase and supply of training equipment; possible increase in costs; project implementation within the planned schedule, etc.) and legal risks (including non-observance of contractual obligations, incorrect performance of the procurement procedure), risks of achievement and administration of results and monitoring indicators, and a developed substantiated plan of measures for the elimination or reduction of identified risks.

8.2.4 “To provide support to the EQAR Agency for the fulfilment of set requirements”	4	1	The assessment of project implementation risks, including assessing possible increase in costs: performance of high-quality assessment of possible risks, including management risks (including insufficiency of human resources, lack of professionalism), personnel risks (including availability of professional personnel), financial risks (including incorrectly planned financial flow, accounting risks), implementation risks (including observance of the planned schedule, etc.) and legal risks (including non-observance of contractual obligations, incorrect performance of the procurement procedure); development of a substantiated plan of measures for the elimination or reduction of identified risks.
8.3.2 “To increase support for general educational institutions to develop students’ individual competences”, activity 8.3.2.1 “Support for the implementation of national and international measures for the development of students’ talents”	5	1	The quality of assessment of project implementation risks, including assessing possible increase in costs: the assessment of risks has been developed of high quality — possible risks have been assessed in the project application of high quality, including management risks (including insufficiency of human resources, lack of professionalism), personnel risks (including non-availability of professional personnel), financial risks (including incorrectly planned financial flow, accounting risks), implementation risks (including observance of the planned schedule, etc.) and legal risks (including non-observance of contractual obligations, incorrect performance of the procurement procedure); development of a substantiated plan of measures for the elimination or reduction of identified risks.
8.3.3 “To develop the skills of NEET youth non-registered in SEA and promote their involvement into education, measures implemented by SEA within the framework of the Youth Guarantee, and NGOs or youth centres”	6	2	<ul style="list-style-type: none"> - support planned in the project for the NEET youngster: The project stipulates that the NEET youngster is provided support planned in Sub-clause 3.4.2; likewise, it is additionally ensured that the success of the NEET youngster in the fulfilment of an individual programme of measures is assessed once in two months and the programme is updated, if necessary. - the quality of assessment of project implementation risks: the assessment of risks has been developed of high quality — possible risks have been assessed in the project application of high quality, including management risks (including insufficiency of human resources in institutions, their ineffective distribution), personnel risks (including availability of professional personnel for work with NEET youth), financial risks (including incorrectly planned financial flow, accounting risks), implementation risks (including target group identification difficulties, non-involvement of the target group in support measures) and legal risks (including non-observance of contractual obligations, incorrect performance of the procurement procedure); a substantiated plan has been developed for the elimination or reduction of identified risks, and all risks and the plan for the elimination or reduction thereof have been discussed with youth organisation and the Latvian Association of Local and Regional Governments.
8.3.4 “To reduce early school leaving by implementing preventive and intervention	4	1	The quality of assessment of project implementation risks, including assessing possible increase in costs: the assessment of risks has been developed of high quality — possible risks have been assessed in the project application of high quality, including management risks (including insufficiency of human resources, lack of professionalism), personnel risks (including non-availability of professional personnel),

measures”			financial risks (including incorrectly planned financial flow, accounting risks), implementation risks (including observance of the planned schedule, etc.) and legal risks (including non-observance of contractual obligations, incorrect performance of the procurement procedure); development of a substantiated plan of measures for the elimination or reduction of identified risks.
8.1.4 “To develop professional competences of employees”	7	2	<ul style="list-style-type: none"> - the project application stipulates that training providers carry out monitoring over the quality fulfilment of support/training measures, carrying out the survey of employees, and the beneficiary carries out regular quality assessment of training suppliers. - the project provides for the assessment of project implementation risks, including assessing possible increase in costs: performance of high-quality assessment of possible risks, including management risks (including insufficiency of human resources, lack of professionalism), personnel risks (including sufficient involvement of professional personnel), financial risks (including incorrectly planned financial flow, accounting risks), implementation risks (including observance of the planned schedule, etc.) and legal risks (including non-observance of contractual obligations, incorrect performance of the procurement procedure); development of a substantiated plan of measures for the elimination or reduction of identified risks.
8.5.1 “To increase number of qualified VET students through participation in work-based learning and practice in enterprise”	8	1	The assessment of project implementation risks, including assessing possible increase in costs: performance of high-quality assessment of possible risks, including management risks (including insufficiency of human resources, lack of professionalism), personnel risks (including sufficient involvement of professional personnel), financial risks (including incorrectly planned financial flow, accounting risks), implementation risks (including observance of the planned schedule, etc.) and legal risks (including non-observance of contractual obligations, incorrect performance of the procurement procedure); development of a substantiated plan of measures for the elimination or reduction of identified risks.