

LACE-PHARE CBC
ASSESSMENT REPORT

*Cross Border Co-operation between
Estonia and Latvia*

July 2000

1. Profile of the cross-border region

1.1. Definition of the border region

The land border between the Republic of Estonia and the Republic of Latvia is 339 km long and has several major border crossings for international road transport.

Definition of the Latvian border: There is no official definition of *the border region* and also *cross border region* in Latvia. The national Law defines only the meaning of *frontier zone*. According to that, the frontier zone in Latvia are the municipalities located in 15km zone from the border. The "border region" with Estonia consists of:

- 4 district municipalities (Limbazu, Valmieras, Valkas and also Aluksnes district).
- 14 town municipalities and 68 pagasts (rural municipalities). 17 pagasts and the town Valka are directly adjacent to the border.

Definition of the Estonian border: The "border region" with Latvia consists of 4 counties:

- Parnumaa,
- Viljandimaa,
- Valgamaa
- Vorumaa.

1.2 Political-administrative structures

Estonia in present political structure is an independent republic named Eesti Vabariik since 1991. The republic was originally founded 24.2.1918, but was a part of the Soviet Union 1945-1991. Political conditions are stabilising after turbulent first decade in 1990ies. Lennart Meri is the second term President of the Republic from 1992, re-elected for five years in 1997. Estonia's state administration is divided into 15 regions (Maakond). At date of April 2000, there are 247 local authorities (42 towns and 205 rural municipalities). Besides of the state regional administration, the regional unions of municipalities form the second regional actor on bottom-up principle.

Latvia is a unitary state, based on the constitution of 15. February 1922 that was brought back into forth with the constitutional law of 21 August 1991. The local administration is based on the law of 19 May 1994.

- First level administrative units are the 26 districts and 7 cities (with their municipalities). The 7 cities have "mixed" competencies, both at local and district level.
- The local municipalities are the 77 town municipalities (of which 26 are with rural territory) and also the 483 rural municipalities or "pagasts". All local municipalities have elected boards and also appointed executive boards lead by the directors (or mayors).

1.3 Socio-economic characteristics

1.3.1. Estonia:

The overall territory of the Republic is 45,227 km² and accounts for a population of 1.46 millions (1996). The capital city Tallinn is relatively great with 420,000 inhabitants. The next biggest towns are Tartu 102,000 and Narva 75,000 inhabitants. Of the total population, 65 % are Estonian and 28 % Russian original (post-colonial minority). Official language is Estonian. GDP is about 3,080 US\$ (1996). Economic growth is steady. Private sector employs 78 % of the total labour force. Service sector employs 65, industries 28 and farming 7 %. Unemployment rate was 3.9 % in 1998.

The Estonian border region with Latvia in the southern part of the country covers 12,700 km²; which corresponds to approximately 28% of the state territory.

- The border region is relatively sparsely populated, population density is only 19 inhabitants per km² (national average is 32.3 inhabitants per km²). However, in those areas on the Estonian side with a quite high population density in comparison to the Latvian side (western part), for example the three small towns Mõisaküla, Abja-Paluoja and Karksi-Nuia, these smaller cities can act as centres for local activities.
- Local population forms 17% of Estonia's resident population (246,373 and 1,462,130 respectively).
- Average net income in the region is approximately EEK 1600 or 85 % of national average.
- There are 4736 unemployed persons in the region (22 % of total number of unemployed population).
- There are more than 7949 enterprises registered in the region. This number includes incomplete list of farms, which are the main type of enterprises- more than 39% of registered enterprises are farms.

1.3.2. Latvia:

The Latvian border region with Estonia is situated in the north-eastern part of the country. The total area of the 4 Latvian border districts amounts at 9,500 km², which are approximately 15% of the state territory.

- The border region (as all other border regions of Latvia) is relatively sparsely populated- population density is only 17 inhabitants per km² (national average is 37.8 inhabitants per km²).
- Local population gives 7% of Latvia's resident population (162,695 and 2,439,445 respectively). 56% of local population are in working age.
- Average net wage in the region is Ls 83, level of unemployment is 9 % (national average in year 1998 were respectively Ls 97.47 and 7.7%).
- There are more than 2520 enterprises registered in the region. Trade is the main field of activity in the region; it gives 42 % of the total number of business units. Very important branches are also industry and agriculture- respectively 16% and 7%. Unfortunately family farms, which are not registered in the Companies Register, are not included in these statistics and it is necessary to notice that in rural areas of whole Latvia share of agriculture as the main employer is close to 60% of rural economy.
- There is relatively developed fishery in Limbazu district of the region but in last years the market problems have appeared due to the Russia's crisis, because more then 90% of the produce were for that market. Russia traditionally is the main export market for Latvian

fishery but in nowadays this sector of economy has tendency to decline and search for new export markets instead of loosed.

1.3.3. Main transport links in the cross-border region:

Two main roads cross the territory of the cross-border region :

- The Road Via Baltica from Helsinki to Warsaw (about 1 000 km), which is developed as a part of Trans-European Crete Corridor no 1, is the main transit road between the Baltic countries. Traffic volumes vary from 3 000 to 10 000 vehicles per day with annual growth of 13-14 %. Border crossing facilities have been constructed anew. Each of the five countries is actively developing the road corridor in its own area. By the end of 1998, the following was achieved: 28 km of new road has been built, 215 km of existing roads have been rehabilitated and resurfaced, 12 bridges have been reconstructed or strengthened, signing of Via Baltica as E 67 has been arranged in all countries.
- The main road Riga–Pskov-St.Petersburg, which was the main transit road between Latvia and Russia in former Soviet period, but now unfortunately has loosed its former importance, because the main transit goes to more central regions of Russia due to the existence of own sea port in St. Petersburg.

There are 3 border crossings for international road transport at the Estonian-Latvian land border (Ikla, Moisakyla, Valga). There are also some Border Crossing points without custom and phyto-sanitary and veterinary control services. The largest volume (312 615 vehicles in 1997) was in Ikla on Via Baltica towards Latvia; Valga (174 200) with road and rail is the following in ranking.

1.4 Degree of cross-border co-operation

Cross-border co-operation in exists on **two levels**, the local and the regional level:

In earlier stage of cross-border co-operation, the local level was more popular. The most popular fields of co-operation in this level are cultural activities. At date, several co-operation activities exist at this level:

- In the western part of the Estonian-Latvian border, a co-operation network exists that consists of Abja, Halliste, Karksi municipality and Mõisaküla town from the Estonian side and 7 municipalities (include Rujena town) from Latvian side. Mõisaküla town and Rujena town co-operation consist mainly of cultural and sports activity, but at date also some economic development projects were accomplished. In addition, a co-operation network between Viljandi town and Valmiera town exists. Along the coast, two Latvian local municipalities Ainazi and Staicele have co-operation project with Estonian partners, but this project is in the start-up stage.
- In the central and eastern part of the Estonian-Latvian border, co-operation activities exist between the twin town Valka (LV)-Valga (EE). Projects implemented by these municipalities are supported by Phare programmes and co-financed by the partners of co-operation.

On the second level of cross-border co-operation, districts and regions are the main actors. This kind of co-operation began its quick development since EU-programmes were established for Latvia and its neighbour countries (since year 1996). Three main fields of

activity are environmental protection, promotion of business activities, especially tourism, and regional development.

- In the central and eastern part of the Estonian-Latvian border, there are two Latvian districts that have developed cross-border co-operation activities with the Estonian part. Aluksnes district is a partner of Council for Co-operation of Border Regions of Latvia, Estonia and Russia. Valkas district is involved in cross-border co-operation because of the unique geographical situation of the twin town Valka (LV)-Valga (EE).
- In the western part of the Estonian-Latvian border, there are some cross-border co-operation activities of other Latvian districts (co-operation between the Estonian Viljandi county and the Latvian Bauska district / rajons).

1.4 Barriers to cross-border co-operation

In Estonia, during last years, personnel changes in political bodies have had some consequences on the continuity of policies directed towards long-term cross-border co-operation. The strong interest of Estonia in co-operation over sea-borders, which is in many cases not a proper form of cross-border co-operation, has had some impacts on the intensity of cross-border co-operation over land borders eastwards.

The overall factors hindering the development of cross-border co-operation in all frontier regions of **Latvia** are the following:

- lack of information exchange system about the developments in neighbouring frontier territory;
- lack of qualified specialists both on regional and local level;
- relatively poor infrastructure- quality of roads and communication, etc;
- lack (limited?) of government support for cross-border co-operation;
- shortage of funding to provide co-financing for cross-border projects.

In the specific case of the Valga-Valka co-operation area, main barriers to cross-border co-operation are the following:

- The border has made the use of previously common municipal services difficult (e.g. the old cemetery and church, schools) and caused a decline in social and economic links. There are no public transport facilities between two towns.
- The biggest problem for the inhabitants and for the co-operation for local self-government authorities is the cross-border legislation: According to the agreement between Estonian Government and Latvian Government (signed in Riga in July 1996), no international border crossing point is established in the town centre. For example: to get from the centre of Valga to the centre of Valka (distance ~650m) the persons (non citizens of Estonia or Latvia) have to go round to get to the international border checking point and back to town of Valka (distance would be ~5km). According to the present legislation of both the countries, foreigners can cross the border 90 times a year. As a result, people who have family members, properties or business on the other side are confined.

The local authorities have established a report on these problems. But any decision concerning the border does not depend on local authorities only; the central ministries and the governments must approve it. The above mentioned report has been presented to the central government, but decision making on that level takes a lot time.

2. Structures

2.1 Cross-border structures

2.1.1. Cross-border structures at regional and local level

a.) The Co-operation Council of border regions between Võru (Estonia), Alūksne (Latvia) and Pskov (Russian Federation):

The idea of this co-operation was initiated in a workshop for Baltic countries in Karlskrona 27-28th March in 1996. Already on 7th June in 1996, the statutes and regulations were signed in Polva, Estonia. The Co-operation Council is a voluntary alliance, established by the local municipalities and regional governmental institutions of Võru (Estonia), Alūksne (Latvia) and Pskov (Russian Federation). Establishing of the Council was supported by Phare CBC programme that co-financed an amount of 62% of total expenditures (EURO 185,000 of EURO 297,000). Three regional districts belong to the Council from each side:

- Estonia: Valga and Voru district bordering Latvia and Polva district bordering the Russian Federation.
- Alūksne, Balvi and Luda from Latvia
- Palkino, Pechory and Pskov from Russian Federation.

The partners of co-operation are represented in the Council by the chairmen of the municipalities and by the representatives of local and regional authorities. Secretariat of the Council that is established for organising the sessions and implementing decisions made by the Council. The Secretariat consists of two persons from each partner of the Council. All expenditures of sessions of the Council and Secretariat are financed by the organiser of the session. Organisers of sessions are changing from time to time following the principle of rotation.

The main aims of the Council are:

- organisation of co-operation of the border regions for preparing and implementing of common programmes and projects;
- representing the proposals of the Council and interests of the partners in the governmental institutions of Latvia, Estonia and Russia and in international organisations;
- effective utilisation of the opportunities raised from location of the partners (creation of a participatory network for partners).

The Council can be understood as an idea-generating and project-initiating institution, which provides information to society, organises seminars and training, works out development plans or prepares projects of cross border co-operation. The main co-operation activities up to 1999 have been:

- Promotion of tourism (maps and routes, 18 projects)
- River ecology, with the Norwegian Association of Municipalities (rivers flow to directions of all three states from this area) as a partner.
- Logistics and transport centres of the three-state area.

Border crossing problems still exist between Russian Federation and the other partners. Visas are needed. The only exceptions are 80 yearly overpasses for local people during the religious jubilee periods.

b.) The ESTLA Project of Valka-Valga:

A national border that was established in 1920 splits the towns of Valga in Estonia and Valka in Latvia, but they are in fact one city. In history, the border between Estonia and Latvia has been very slight and flexible (Old Livonia), and the situation continued during the short era of Soviet Union (1945-1991). After regaining independence in 1991, Estonia and Latvia each set a border checkpoint on a high street. Today, both of the twin towns aim to develop towards added independence in technical and other services. The first treaty of co-operation between Valga Town Government and Valka Town Government was signed in December 1995 to promote and develop co-operation and contacts across the border.

This was followed by an EU-project ESTLA (Ecos-Overture program) with the following partners of co-operation:

- Lead partners : the Council of Tornio Valley (Sweden) and the Council of Tornio, (Finland);
- Valga town council, Estonia; Valka town council, Latvia.

The project was started in 1996 and completed in 1998. The sphere of co-operation was administration, organisation, management and decision making procedures in local and regional authorities. The implementation of the project was financed partly by Phare– EURO 75,000, by European Democracy Fund- EURO 215,982 and also by the partners of co-operation. The total amount of budget was EURO 486,130.

The vision of the project is to establish institutions for cross-border co-operation between the twin-towns Valka and Valga that should create the basis for joint development of the two regions. This activity is considered an important milestone for socio-economic co-operation of the neighbour countries and tries to orientate itself at a co-operation existing in the Torne River valley between Finland and Sweden. The main project objectives with regard to the Latvian-Estonian border area were:

- to set up an organisation for cross-border co-operation through the training of local government authorities of Valka- Valga;
- to plan and build up technical networks and provide the equipment for the joint use in Valka- Valga;
- to facilitate the removing of border formalities for people, municipal services and enterprises in Valka-Valga;

Working committees on common planning of the development of Valga and Valka, on border issues, on environmental issues and on culture and sport were set up. At date, the main achievements of the project can be summarised as follows:

Environmental issues and public services: Problems of environment are much the same in Valga and Valka. Within the project ESTLA the working committee worked with following topics:

- Quality of drinking water. The committee has visited the oil-polluted areas, made an inventory of all these objects, and worked out an action plan.
- Preparation work for the refining of the boarder creek (Croak creek). Today, the border creek has been purified.

- Studies about water supply, waste water treatment, air pollution and garbage collecting and storing
- A treaty of co-operation between Valga Rescue Service and Valka Fire Station was signed in Dec 1996.

Common economic development and town planning: The task of the committee included not only drawing maps but everything that has to do with spatial planning and the development the towns of Valga and Valka, including education, information, general opinion among people, and economy. However, the main priority was spatial planning including technical networks, transport systems, cleaning systems, land exploitation. Investigation and choice of the place for the nowadays-functioning new joint border-crossing point was carried out in this context. There is co-ordinated planning of individual, residential and industrial districts of two towns. The „Entrepreneurship Day“ of Valga county and Valka district is held the same time in Valga and Valka with the aim to develop the co-operation between the entrepreneurs in the border-areas. A doctoral candidate from the Department of Human Geography of Stockholm University does investigation about boundary towns and their inhabitants („Boundary to Communication“). The aim is to investigate how the state-boundary influences people’s lives in border area. (First proceeded data will be known by autumn this year.)

Border crossing procedures. The main objective proposed by the border committee was to introduce quicker and simpler border crossing procedures in Valga– Valka (at least for the benefit of local inhabitants). *Today* the new joint international border checking point has been built and is in action (from December 1999). There is one way border control now and the double passport and customs checking is not needed anymore which has accelerated the border crossing. But there is need for future co-operation as well. The collaboration on those fields has been most active during the common two-year project.

Co-operation between Valga and Valka in culture, art and sport has been most active in the sphere of culture and sports and can look back on a long tradition. An inventory of all the culture and sports facilities in Valga and Valka has been established in order to be able to plan a joint use of them. There have been common cultural and sports events such as art exhibitions, concerts, and exhibitions at museums, events for children, Valga-Valka race and joint boat rally and s.o. There are regular contacts between the music schools, the culture centres, the museums, artists and sport organisers. Several events have become traditions: the handicraft days, joint concerts and art exhibitions. The swimming pool and stadium in Valga are used also by Latvians

2.1.2. The Phare CREDO Border Committee on the Latvian-Estonian border:

The programme was launched in the beginning of 1997. In May, three CREDO Border Committees on Latvian-Estonian, Latvian-Russian-Byelorussia and Latvian-Lithuanian borders were established. This process was organised and co-ordinated by the Union of Local and Regional Governments of Latvia-CREDO programme contractor from Latvian side responsible for supervising of the project activities, and by the Ministry of Environmental Protection and Regional Development, which is the national co-ordinator in the programme. Unfortunately the impact of Border Committees on development of the frontier regions was limited, because of two reasons:

- During the pilot period of the programme in 1997, the European Commission didn’t involve Border Committees in the evaluation and selection of the financed projects. All project proposals were evaluated in centralised way.

- In year 1998, only one submission of projects (*Main Round*) took place instead of four planned before.

2.2. Other structures/authorities/partners engaged in cross-border co-operations

On the Estonian side, a number of state authorities and specific units are involved in cross-border co-operation:

(More information needed on Estonia !!!!!)

On the Latvian side, a number of authorities, units and specific organisations are involved in cross-border co-operation:

- Phare and other cross-border co-operation promoting institutions are the main sponsors, which provide financial or technical and also advisory support. Importance of these institutions for promotion of cross-border co-operation is described in chapter 3.
- Ministry of Foreign Affairs builds basis for international relationship and cross-border co-operation by signing intergovernmental documents, co-ordinates international assistance.
- Ministry of Environmental Protection and Rural Development. This institution works out the concept of Strategy for development of frontier regions in Latvia. Participants in this preparation of the Strategy are experts from the Ministry, research institutions and specialists from frontier municipalities.
- Ministry of Economics implements the national programme for Special Assisted Areas. In the framework of this programme economically depressive regions are defined using socio-economical data. Significant part of the border municipalities of Latvia is also defined as Specially Assisted Areas because of socio economical backwardness. State support to promotion of business activities is also good impulse to cross-border co-operation in the border regions.
- The Union of Local and Regional Governments of Latvia (ULRGL) is a public organisation associating local and regional governments of the Republic of Latvia on voluntary base. It was founded in December 1991. Three of the main tasks of the ULRGL are:
 1. To assist the co-operation between local and regional governments, their associations and unions;
 2. To assist the co-operation with local and regional governments and their organisations abroad
 3. To organise the creation of local and regional government information network.
- Administration of local self-government affairs. Cabinet of Ministers defines the main goals of this institution concerning the promotion of cross-border co-operation in regulation nr. 34 (year 1997). There are two goals defined in this respect:
 1. to promote the co-operation among Latvian self-government institutions and also among Latvian and foreign self-government institutions and other organisations;
 2. to participate in international co-operation projects and programmes.
- Local authorities are responsible for the planning of socio economical development of their administrative territory. Usually municipalities have a tight co-operation with cross-border co-operation promoting institutions, because they are interested in sustainable and comprehensive development. Municipalities are also co-financier of cross-border co-operation projects.
- Latvian State Institute of Agrarian Economics. The institute is research institution, which in co-operation with Ministry of Environmental Protection and Regional Development has carried out studies about *Frontier influence estimate on territorial development of Latvia*

and *Cross-border co-operation in Latvia and other European countries* and took part in the development of Governmental programme for border regions.

2.3. Activities/services

Besides other activities, the Association of European Border Regions (AEBR) has promoted networking and the exchange of good practice through the LACE-Phare project (Linkage Assistance and Co-operation for European Border Regions), which was supported by the European Commission in 1996-97. AEBR organised 6 regional workshops in the Baltic States to support the establishment of cross-border co-operation structures and prepared a cross-border strategy. Issue papers on cross-border co-operation in the Baltic States have been written and the LACE Practical Guide was made available to local and regional actors. Other support activities also included the provision of advice through regional experts with regard to the development and implementation of cross-border strategies, programmes and projects and the establishment of cross-border structures.

The priorities in Phare CBC activities and services of Estonia are

- education and training
- small and medium size enterprise (SME) development
- infrastructure and environment
- tourism
- culture tradition revitalisation
- Via Baltica Corridor.

2.4 Awareness of cross-border co-operation issues/knowledge of cross border co-operation -programmes

Awareness of cross border co-operation issues and programmes is relatively good along the Estonian and Latvian border region. Municipalities and regions have experience of cross-border co-operation since 1994, when Phare CBC programme was launched. The launching of the CREDO programme in 1997 and Phare/TACIS in 1998 have contributed that several actors involved in cross-border co-operation gained more information and experience, primarily by the Cross-border Co-operation Council of Latvia, Estonia and Russia. Later on the dissemination of good practice gained from these projects has led to the starting up of cross border co-operation activities in other areas of the border. The progress between the years 1996-1999 has been very positive. However, further activities are needed in Latvia to spread information on EU-programmes to local authorities. It seems that some municipal officials still do not have fully recognised the strategic meaning and the impact of cross-border co-operation. Special attention should be paid to explaining the long term planning, programming and strategy building aspects.

3. Programme related activities

3.1. Strategy development

The cross-border co-operation should be a part of such a strategy, but practically there are only few examples of successful co-operation between local and regional authorities of neighbouring countries in the field of comprehensive spatial and economical development.

On the Estonian side, cross-border co-operation is a part of the development strategy in regions near the border. This is mainly due to the historical connections between the two countries. In addition, an Estonian program for borderland was developed (Project: Borderland investment resource. First step: compose web page for borderland (www.kilingi.ee/koos) is ready).

On the Latvian side, development strategies of local and regional authorities are almost fully elaborated but do sometimes need to upgrade their quality. The elaboration of these socio-economical development strategies was financially supported by state grants, which strongly facilitated this process. Local strategy plans are harmonised with higher level plans and are approved by the Ministry of Environmental Protection and Regional Development.

3.2. Programming, especially INTERREG/ Phare CBC related

On the Estonian side, programming for new projects within PHARE has developed to a fluent routine with new phenomena that the future accession to EU has brought with (i.g. ISPA-funding).

(More information needed !!!)

On the Latvian side, programming of the development of cross-border regions generally takes place in territories covered by the cross-border co-operation institutions mentioned above. It is necessary to notice that experts of all five cross-border co-operation institutions actively take part in the activities related to joint strategy development. They were successful in establishing these institutions and also today they have common interests and common language to discuss the issues on strategic level. It looks like a good practice that might be disseminated in the whole of Latvia, especially due to the fact that in other areas cross-border co-operation programming activities still have to be initiated.

However, there are few examples of elaborated cross-border development strategies along the Latvian-Estonian border:

- Rujena pagast, town Valka, districts of Valka and Alüksne are involved in joint strategic planning with Estonian partners.
- Members of Council for co-operation of border regions of Latvia, Estonia and Russia also actively take part in such kind of planning.

3.3. Management of programme implementation

On the Estonian side, the implementation of cross-border co-operation programmes involves the following actors:

(Information needed !!!!)

On the Latvian side, the implementation of cross-border co-operation programmes is managed by local and regional authorities and other institutions that are financing the projects/programmes, according to their levels of responsibility and the specific nature of the programme. Due to the high importance of Phare programmes in the funding of developing cross-border development strategies, it could be necessary to give a brief description of these programmes activities in Latvia.

- **Phare CBC programme:** Activities in Latvia began in 1994. Whole Latvia was defined as a border region in the context of this programme. The priorities and measures specified in the multi-annual indicative programme for 1995-1999 cover the fields of transport, environment, utilities and municipal infrastructure provision, economic development, human resources, implementation and management. After the approval of the project, the responsible ministry carries out the implementation of the programmes and the monitoring.
- **Phare CREDO:** The programme was launched in Latvia in the beginning of 1997. In May three CREDO Border Committees on Latvian-Estonian, Latvian-Russian-Byelorussia and Latvian-Lithuanian borders were established. This process was organised and co-ordinated by the Union of Local and Regional Governments of Latvia-CREDO programme contractor from Latvian side responsible for supervising of the project activities, and by the Ministry of Environmental Protection and Regional Development, which is the national co-ordinator in the programme. After the approval of the project, the implementation of the programmes is monitored by the Union of Local and Regional Governments.

3.4. Project development and implementation

3.4.1. Estonia:

The key organisations for project development are the cross border co-operation-councils and the implementation is usually run by secretaries / co-ordinators of the programs or the responsible project leader. Some examples can be given for **Phare CREDO**:

- Development project of Latvia's and Estonia's borderland (Lead organisation is Rujena Town Council).
- Tourism development between Viljandi county and Valmiera district (Liivimaa pärlid) that includes Valga county and Valka district.
- Tourism development project along the Via Baltica.

3.4.2. Latvia

Local and regional authorities usually are the project initiating institutions. Representatives of co-operating local and regional authorities are working out the project proposals. During this proposal preparation process, these persons go through all phases of planning- searching for possible partners of co-operation, identifying the interests of parties involved in co-operation, defining idea of joint project, calculating budget and time schedule etc. In this stage of project

planning brainstorming, SWOT analysis, surveys and consultancy are used for gaining better result of co-operation.

Evaluation and approval or rejection follows after the preparation of project proposals. These procedures vary from one programme to other.

- **Phare CBC programme:** The projects selected must comply with the priorities and measures specified in the multi-annual indicative programme for 1995-1999, which covers the fields of transport, environment, utilities and municipal infrastructure provision, economic development, human resources, implementation and management. The procedure of submission and approval of project proposal is relatively complicated. Project proposal preparing institution submits to Ministry of Environmental Protection and Regional Development or to Ministry of Transport in accordance to the field of the project activities. This is the first stage of choosing projects for financing. In next stage earlier selected projects are evaluated in Ministry of Finances and after that in EU Mission in Latvia. Projects accepted in the Mission are submitted to EU Phare Management Committee for final approval or rejection.
- **Phare-CREDO:** Projects under the programme are developed by the local municipalities and submitted to the CREDO Border Committees, which take part in the first phase of project evaluation, where the project proposals for submission to European Commission and further consideration (the second phase of project evaluation) are selected. Unfortunately the impact of Border Committees on development of the frontier regions was limited, because of two reasons: During the pilot period of the programme in 1997 European Commission didn't involve Border Committees in the evaluation and selection of the financed projects. All project proposals were evaluated in centralised way. In year 1998 only one submission of projects (*Main Round*) took place instead of four times planned before.
- **Phare/Tacis Project Facility:** The purpose of the programme is to foster a co-operation between the regions, cities and local authorities in the eligible border areas, and to develop regional capacity. Projects under the must involve as a minimum two partners- at least one partner from Latvia, Estonia, Lithuania or the coastal area of Poland and one from the EU Member States. Three project groups available for the possible participants within this framework (Baltic Small Project Facility, BSPF ; Phare Baltic Micro Projects). Projects under these programmes are financed by Phare and TACIS and partly by project initiator. Project initiating and implementing institutions are municipalities. Usually there are two project submission periods per year. European Commission evaluates project proposals and appoints the project Co-ordinator from lead partner of co-operation. The Co-ordinator acts as the interface between the project, the Management Agency (represented in beneficiary countries, also in Latvia- by the Local Bureaus) and the European Commission and as such they should be involved in the overall management and co-ordination of the project activities

However municipalities should also be responsible for implementation of projects initiated by them. They write the reports about the project implementation according to the requirements of the Phare programmes. They are also organising seminars and publishing materials about the implemented projects, disseminating good practice gained during the projects.

4. Specific/Sectoral actions

In 1997-1999, a number of cross-border projects between Latvia and Estonia / Russian Federation were implemented under **Phare CBC** or through **Phare Credo**.

(Estonia: more information needed !!!!!)

All projects implemented in **Latvia** in the framework of **Phare CBC** can be grouped according to the project implementing institution:

- Projects implemented by the Ministry of Environmental Protection and Regional Development and the project-initiators. Total sum of Phare funding is EURO 10,893,714. 13 projects were implemented with average funding EURO 837,978. These projects are closely related to environmental protection measures;
- Projects implemented by the Ministry of Communications and the contractors- 10 projects were completed with total EU funding of EURO 7 109 024 or average EURO 710 902 per project. These project are oriented towards improving of traffic safety and infrastructure;
- Project implemented by the Latvian–Estonian-Russian Council for co-operation of border regions. Financial amount of this project is EURO 185,000. It partly covers LV-EE and LV-RU border regions of the partners of co-operation.

During the period of time from 1997 till 2000, 12 projects with a total budget of EURO 511,000 were partly financed by **CREDO** programme in Latvia. CREDO finances are EURO 402,000; average co-financing rate is 79%. Total area and population covered by these projects are approximately 12,000 km² (18% of Latvia) and 300,000 inhabitants (12%).

Other projects with participation of Latvian and Estonian partners from the border region were implemented under **Phare/TACIS Baltic Project Facility** (especially in the framework of the Baltic Small Projects Fund-BSPF and in the Phare Baltic Micro Projects). Some examples for different sectors can be found below. The full list of projects with a brief description is available in annex 4-6.

4.1 Economic Development

Phare CREDO Project *Self-government support of the entrepreneurship in the Border Region of Latvia and Russia.* It was initiated by the Balvi District Council (LV) and will be implemented by the members of Council for Co-operation of Cross-Border Regions of Latvia, Estonia and Russia.

- Project duration is 11 months, funding amounts EURO 57,412, out of which Phare CREDO will pay 70%.
- The project was started in 1998 and completed in 1999.
- The main idea of the project was to raise self-government participation in the development of entrepreneur activities in the Border Region of Latvia and Russia by summarising information about them and forming a catalogue. There was some training organised for specialists of self-governments and entrepreneurship support structures. Organisation of business fair and developing good neighbourly relations and long-term co-operation between Latvia and Russia also were realised by the project.

Phare CREDO Project *Development project of Latvia's and Estonia's borderland.*

- Lead organisation: Rujena Town Council (Estonia).
- Project duration 13 months, funding amounts 49 580 EURO.
- Phare CREDO Contribution requested 44 580 EURO.

- The main idea of the project: the output of the many-sided co-operation program of Latvia's Estonia's borderland.

Phare CREDO Project: “*Development of the North Livonian Economic Area*”.

- Partners: Kilingi-Nõmme Town Government (Lead Partner, Estonia); Saarde Parish Government (Estonia); Tali Parish Government (Estonia); Staicele Town Government (Latvia); Mazsalaca Town Government (Latvia).
- Duration: The implementation of the project began in September 1999. The activities of the projects will be completed by July 2000.
- Project Cost: Total budget 66 364. - EURO. Credo grant 53 466.- EURO. Partners contribution 12 898.- EURO.
- Objectives: To revive, broaden and accelerate the cross-border co-operation of communities via better communication. To improve and revitalise the economic environment in the area. To promote the area and rise the general level of knowledge about the area.
- Brief Description of the Project Activities: Promotion of the idea of economic area. Identification of key areas for tourism and new business development. Design, construction and set up of information signs. Purchasing computers for the partners, preparing website and printing folders to promote the area. Initiating the co-operation between local tourism companies as the first form of co-operation directly between companies. Organising round tours (from Estonia to Latvia and vice versa) in the economic corridor for local community leaders and entrepreneurs. Definition of goals and mechanisms for achieving sustainable economic progress in the area.

4.2 Tourism

Phare CREDO Projects:

- Tourism development is part of the „Development project of Latvia's and Estonia's borderland“ (Lead organisation: Rujena Town Council, see above).
- Tourism development between Viljandi county and Valmiera district (Liivimaa pärlid). Include Valga county and Valka district.(Data N/A)
- Tourism development project: Via Baltica (Data N/A)

4.3 Socio-cultural

Phare CREDO Project *Dance of Two Nations*. It was initiated by the Aluksne Interest Centre for Children and Youth from Latvian part and The Voru Culture Foundation from Estonian part.

- Phare CREDO co-financing for the project was EURO 39,415 or 71% of total budget.
- The project was started in 1998 and implemented in 10 months.
- The aim of the project is to develop a traditional dance festival into an international event and to use this as a basis for mutual cultural development and as a framework for developing cross-border co-operation.

Annex 1: Regions (Maakond) of Estonia

Annex 2: List of Contact Persons Estonia

With regard to co-operation at town and county level:

Mõisaküla town:
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Pärnu 29

Viljandi County Government
Andres Rõigas
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With regard to the „Co-operation Council of border regions between Estonia, Latvia and Russian Federation (PskovLivonia)“:

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Annex 3: List of Contact Persons Latvia

LATVIA: List of contact persons								
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10	Sarmite	Lietuviete	Council for CBC of LV/RU/EE	Co-ordinator	+371 4322 004	+371 7894 314	alupad@lis.lv	Darza 11 Aluksne LV Latvia
11	Inga	Dobelniece	Administration of Self-government affairs	Head of Department of International Contacts	+371 7338 059	+371 7338 063	inga@plp.lv	Elizabetes 2a Riga LV1340 Latvia

Annex 4: Phare CBC projects, Latvia

**Information prepared by Dace Roze,
Head of Implementing Agency in Ministry of Environmental Protection and Regional development**

Nr.	Project title and area of co-operation	Territory covered by the projects	Duration and total budget	CBC co-financing	Project summary
1	Spatial Development	municipalities located along highway VIA Baltica	15 months EURO 182 000	EURO 142 000 (78 %)	Aim of the project was to improve working capacity of local municipalities by providing them computers and special software for spatial planning.
2	Sewerage in Ainazi and Saulkrasti	town Ainazi and town Saulkrasti	EURO 2 307 000	EURO 1 025 000 (44 %)	The project is aimed to improve existing water treatment systems in Ainazi and Saulkrasti

**Annex 5: Phare CREDO projects.
Information delivered by Agita Strazda,
EU Integration Officer in Union of Local and Regional Governments of Latvia**

Nr.	Project title and area of co-operation	Project region and partners	Duration and total budget	CREDO co-financing	Project summary
1	Roads of the War and Peace (Culture and tourism)	Latvia- Estonia- Russia Aluksne Town municipality (LV); Mereme Rural municipality (EE); Izborsk museum of History, architecture, nature and landscape (RU)	12 months EURO 32,151	EURO 24,395 (76%)	Promotion of regional identity in the triangle border area of Latvia, Estonia and Russia by networking of the mediaeval heritage sites and historic material into local and international tourism routes. Enhancement of professional capacity of local museum workers and local volunteer initiative to facilitate co-operation of border region in the field of tourism and culture.
2	Development of Cross-border Co-operation in Region Pskov-Livonia: VISION 2010 (Urban and regional services)	Latvia- Estonia- Russia Aluksne District Council (LV); Valka District Council (LV); Voru Union Local Authorities (EE); Valga Union Local Authorities (EE); Pechori District Administration (RU)	13 months EURO 78,480	EURO 44,580 (57%)	Aims of the project are: (1) To create a regional co-operative environment that fosters the exchange of experiences to help promote sustainable economic development and improve relationships between regional authorities for co-ordination of efforts on regional issues. (2) To assess the opportunities and obstacles to a beneficial co-operation through analyses of already existing national plans on both sides of the border. (3) To utilise cross-border co-operation to strengthen new democratic institutions developing in the region and promote further integration into European economic and social structure.
3	Dance of Two Nations (Culture)	Latvia-Estonia The Aluksne Interest Centre for Children and Youth (LV); The Voru Culture Foundation (EE)	10 months EURO 55,135	EURO 39,415 (71%)	Aim of the project is to develop a traditional dance festival into an international event and to use this as a basis for mutual cultural development and as a framework for developing cross-border co-operation
4	Nature without Borders (Economic development)	Latvia- Estonia Veclaicene Community Council (LV); Haanja Community Council (EE)	EURO 79,825	EURO 49,990 (63 %)	Promotion of local partnership and tourism activities in the border area. Activities include training, setting up an information centre, development of promotional materials and design contest for tourism sign border.
5	Development projects of Latvia's and Estonia's borderland (Local and regional development)	Latvia- Estonia Rujiena Town Council (LV); Moisaakula Town Council (EE)	EURO 28,130	EURO 18,070 (64%)	The project aim is searching for common development perspectives, identify needs and possible co-operation projects. Activities include training and exchange of experience, set up information centre, preparing and analysis of information, conference.

Annex 6: Phare/TACIS Baltic Project Facility, Latvia
Information delivered by Sandra Priede

Nr.	Project title and programme	Partners involved in the projects	Duration	Phare/TACIS budget	Project summary
1.	Striking walls and building bridges BSPF/TSPF	Aluksnes district of Latvia; Pechori district of Russia; South Holland province	17 months Project completed	Phare EURO 89,930 TACIS EURO 75,070	Organising training for specialists of partner municipalities in the field of strategic regional planning.
2.	Long-term energy plan for Ance, Dundaga, Kolka and Targale parishes BPSF	Ance, Dundaga, Kolka and Targale parishes of Latvia; Skovbo municipality of Denmark	12 months Project completed	EURO 76,239	
3.	The Baltic Palette PI	Riga region of Latvia; city Tallinn (Estonia); Stockholm- Melara region of Sweden; Usimaa region of Finland	15 months	EURO 300,000	Developing of co-operation among countries of Central Baltic Sea region with aim to join planning activities of the partners of co-operation.
4.	Zone of territorial development of VIA Baltic PI	Riga district of Latvia; Hemme region of Sweden; Rapla district of Estonia; Kaunas district of Lithuania; Euroregion Niemen (Poland);	15 months	EURO 402,400	Joint planning works in territories situated along transnational highway VIA Baltic
5.	GAS plan BSPF	Valka district of Latvia; Ekero municipality of Sweden; Otepe town of Estonia	12 months	EURO 96,772	Using the Geographical Allocation System for strategic planning in the partner municipalities of co-operation.