



Finanšu ministrija

Fiscal Structural Plan of Latvia 2025 – 2028

RIGA

2024

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COMMONLY USED ABBREVIATIONS

MoD	Ministry of Defence
Altum	Joint-Stock Company "Development Finance Institution Altum"
ED	Excise Duty
RRF	Recovery and Resilience Facility
UN	United Nations
USA	United States of America
FFA	Foreign Financial Assistance
SCCB	State Construction Control Bureau
CID	Council Implementing Decision
CFCA	The Central Finance and Contracting Agency
CSB	Central Statistical Bureau
DRM	Discretionary revenue measures
NRT	Natural Resources Tax
EA	Euro Area
ECB	European Central Bank
EEA	European Economic Area
EC	European Commission
ESA	European system of national and regional accounts
MoE	Ministry of Economics
ERDF	European Regional Development Fund
EU	European Union
ESF+	European Social Fund Plus
ESI	Economic Sentiment Index
FDL	Fiscal Discipline Law
FDC	Fiscal Discipline Council
MoF	Ministry of Finance
FRD	Fiscal Risks Declaration
FSP	Fiscal Structural Plan
GJ	Natural gas consumption per year
MoI	Ministry of the Interior
JSC	Joint-Stock Company
SDG	Sustainable Development Goals
LGT	Lottery and Gambling Tax
PIT	Personal Income Tax
GDP	Gross Domestic Product
MoES	Ministry of Education and Science
MoCE	Ministry of Climate and Energy
MSSIC	Mandatory state social insurance contributions
EU CF	European Union Cohesion Fund
MoC	Ministry of Culture
RSS	Rural Support Service
BoL	Bank of Latvia
LDz	State Joint-Stock Company "Latvijas dzelzceļš"
LBFM	Law On Budget and Financial Management
MoW	Ministry of Welfare
LALRG	Latvian Association of Local and Regional Governments
LCS	Latvian Council of Science

MFF	Multiannual Financial Framework
CoM	Cabinet of Ministers
NNFPE	Nationally Financed Net Primary Expenditure
NHS	National Health Service
CPI	Consumer Price Index
PMI	Purchasing Managers' Index
VAT	Value Added Tax
Regulation	Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary developments and repealing Council Regulation (EC) No. 1466/97
MoT	Ministry of Transport
IMF	International Monetary Fund
VOT	Vehicle operation tax
TEN-T	Trans-European Transport Network
MoJ	Ministry of Justice
JTF	Just Transition Fund
CIT	Corporate Income Tax
CCT	Company Car Tax
MoSARD	Ministry of Smart Administration and Regional Development
SB	State budget
SRS	State Revenue Service
TT	The Treasury
MoH	Ministry of Health
NRP	National Research Programme
SSIA	State Social Insurance Agency
SJSC	State Joint-Stock Company
MoA	Ministry of Agriculture

1. INTRODUCTION

Latvia prepares a Fiscal Structural Plan (FSP) for the first time. Development of this document arises from the new EU legal framework for economic governance, which came into force after the period in which fiscal discipline rules were suspended, allowing Member States to provide support at the expense of deficit and debt to mitigate the negative effects of the Covid-19 pandemic and the energy crisis.

As the period of crisis comes to an end, but uncertainty persists amid high inflation, in a context of deficit and debt, fiscal discipline returns. It is true that it returns in a different form than in the pre-crisis period. The new EU economic governance model sets fiscal discipline rules that ensure that, in the long term, currently until 2038, public debt is below 60% of GDP (or credibly declining from current high levels) and deficits are below 3% of GDP. Countries must meet these conditions by 2028, thus putting the country on a "fiscal trajectory" that, moving "under inertia", will keep debt below 60% of GDP and deficits below 3% of GDP in the years ahead. Moving "under inertia" shall mean the condition that the 2028 level of the structural primary balance is maintained in all subsequent years from 2029 onwards. This indicator describes the situation under a no policy change, meaning the provision of a constant amount of public services each year under a steady-state tax policy. During the period between 2025 and 2028, the state will have to be gradually put on the new "fiscal trajectory" from the 2024 situation - through consolidation, expansion, or through just a slight adjustment of the direction. The FSP contains the story of how we plan to complete this task. It should be noted that Latvia is already close to its necessary trajectory, so there is no need for consolidation, but there is also not much positive fiscal space for expansion. The FSP of Latvia is about "a slight adjustment of direction".

Unlike the previous EU economic governance model, where the structural balance was the main fiscal indicator, the new EU economic governance model makes the condition of expenditure growth the main fiscal indicator. The annual increase in expenditure is set for the entire period 2025-2028 once in this FSP and is not changed thereafter. This means that, unlike the old model, where the permissible level of expenditure was adjusted according to changes in revenue (and the economy), in the new model, better or worse developments in revenue (and the economy) do not allow for increase in expenditure or do not require reduction therein expenditure. These changes ensure the stability of fiscal policy over the medium term.

Taking this circumstance into account, the FSP also includes policy measures, which ensure putting the state on an appropriate "fiscal trajectory". These measures have a stronger role in the new EU fiscal governance framework than in the Stability Programme developed so far, as no new measures will be possible before 2028 unless tax policy changes will be made or an existing measure will be abandoned. So the plan includes not only fiscal indicators, but also a set of policies (structural policies of the plan) that are implemented with the public finances specified in the plan. That's why the plan is called fiscal structural.

The FSP includes a fiscal part and a structural part. The fiscal part of the plan (see Fig. 1.1) first describes Latvia's macroeconomic (Chapter 3) and fiscal projections at unchanged policy¹ (Chapter 4), which form the basis for the State Budget 2025 and the Medium-Term

¹ In this context, unchanged policy means fiscal projections taking into account all decisions taken before the commencement of the preparation of the 2025 budget, but excluding any potentially new decisions, regardless of the likelihood that they might be taken in the future. Unchanged policy in this sense differs from unchanged policy within the meaning of the EU methodology mentioned at the beginning of the introduction.

Budgetary Framework for 2025 - 2027. The projections also include the year of 2028. The plan provides information and calculates the fiscal trajectory (Chapter 5), followed by information on the fiscal rules applied in Latvia and projections of fiscal performance in 2025 - 2028, taking into account all the decisions taken, including the new ones taken within the context of the 2025 budget and budgetary framework 2025 - 2027 (Chapter 7). The goal of Chapter 6 is to show that the full set of indicators affecting public finances ensures that the state ensures compliance with the condition of growth of expenditures set out in Chapter 5. Chapter 7 provides information on the new policy measures. Latvia uses the fiscal space method within the context of budget preparation. First, projections are made under unchanged policies, then, taking into account the need to meet fiscal rules, the fiscal space, or the scope for new policy measures, is calculated. Fiscal space can be expanded by deciding on new revenue-increasing measures. Fiscal impact of the measures outlined in Chapter 7 is taken into account in the fiscal projections of Chapter 4. Chapter 8 provides information on the long-term development of public debt according to Latvia's projections. Given that Latvia's potential GDP projections are significantly higher than those of the EC, debt is lower than in the EC projections. Chapter 9 provides information on investments and reforms related to the EU Council's recommendations to Latvia within the framework of the European Semester, as well as the EU's common priorities. Finally, Chapter 10 provides information on fiscal risks.

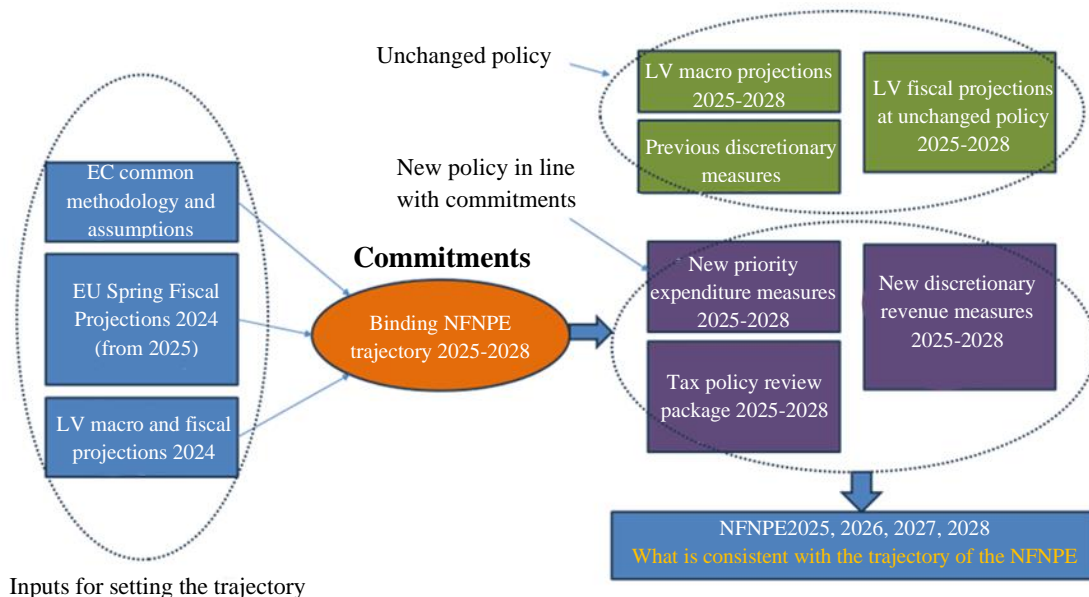


Figure 1.1. Structure of the fiscal part of the FSP

Consultations and opinions

Social partners have been consulted on the reform and investment part of the FSP (Chapter 9). An opinion has been prepared by the FDC on the macro-economic and fiscal projections developed by the MoF and used in the FSP (Annex 2), which is attached to this Plan. The Saeima has not been consulted on the FSP.

Consistency with the EU-funded actions

The Plan presents fiscal indicators on general government sector and includes revenue and expenditure also for projects and actions co-financed by the EU budget. The description of

reforms and investments includes both investments and reforms financed from national financial resources and EU financial resources.

2. SUMMARY

Latvia commits to the following maximum increase in net nationally financed primary expenditure.

Table 1. Fiscal commitments

	2025	2026	2027	2028
Net nationally financed primary expenditure	5.9%	3.6%	3.4%	3.3%

The package of measures contained in the FSP ensures that increase in the general government budget deficit stops and deficit gradually decreases during the period of 2025 - 2028.

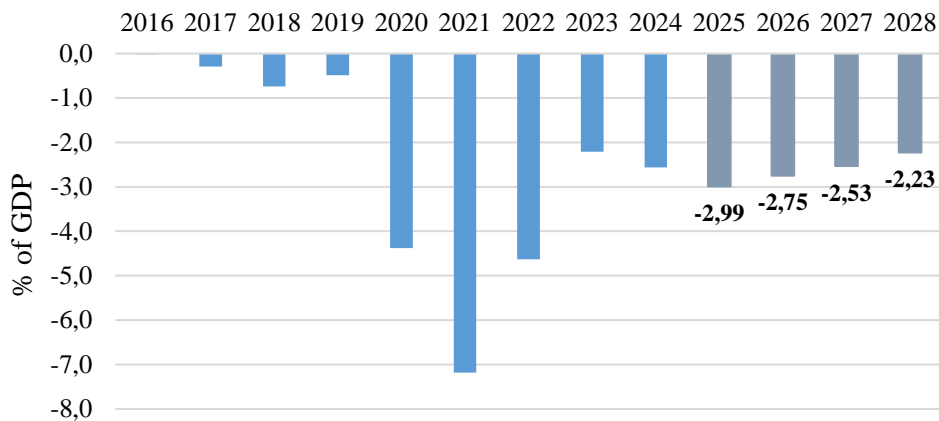


Figure 2.1. General government deficit 2016. -2028, % of GDP

General government debt continues to rise, but neither the EC's nor Latvia's projections exceed the 60% threshold by 2038 (the debt projection methodology is described in Chapter 8).

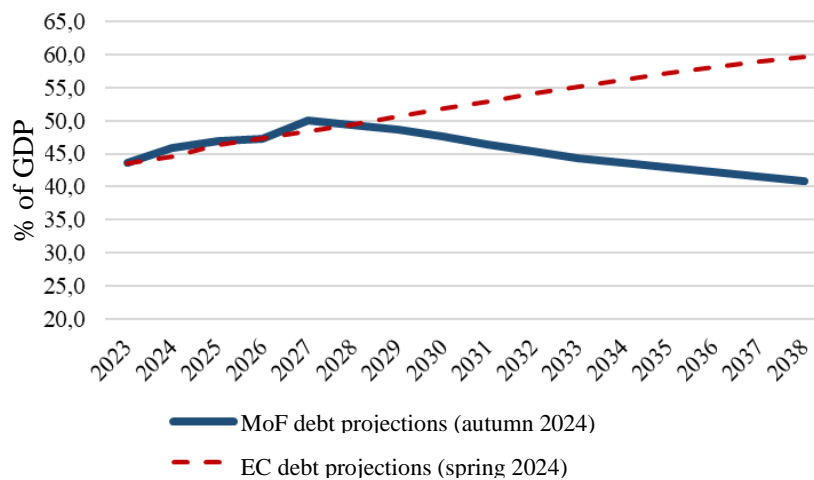


Figure 2.2. General government debt until 2038, % of GDP

Latvia has one of the highest public investment rates in the EU. Public investments and reforms benefit from the financial resources available from EU funds and RRF. These resources

are used to deliver a substantial part of the reforms that are in line with the recommendations addressed to Latvia within the framework of the European Semester, as well as the EU's common priorities.

3. ECONOMIC SITUATION

3.1 External economic environment

In 2023, the global economy showed an unexpectedly positive performance growing by 3.1%, only slightly slower than in 2022 (3.3%). Despite tighter monetary conditions and a slowdown in commodity trade, key drivers of the global economy such as the US, China, Japan and India experienced economic growth that offset the slowdown in the EU and the UK. While interest rate hikes have continued to restrain economic activity, a recovery in world trade is forecast, especially in 2025, when monetary conditions are expected to ease as central banks start to cut rates.

EU growth remains moderate, with GDP growth forecast at 1.0% in 2024 and a slight improvement to 1.6% in 2025. In the EA, growth is estimated to be similar: 0.8% in 2024 and 1.4% in 2025. These forecasts point at stable, but relatively weak growth in Latvia's main trading partners. Lithuania, Estonia, Germany and Finland have downgraded their growth forecasts for 2024, while Sweden, Poland, Denmark and the Netherlands have upgraded their growth prospects. Latvia's main trading partners are expected to grow at an average rate of 1.1% in 2024, with faster growth of 2.3% being expected in 2025.

Business and consumer confidence indicators were stable in 2023, and, in early 2024, the EA purchasing managers' index reached its highest level in ten months. However, this could change if global economic activity slows down, as indicated by July data.

Inflationary pressures in Europe will gradually ease. EA inflation is projected at 2.5% in 2024, with a further decline to 2.1% in 2025. This reduction will be made possible by the expiry of the energy support measures and by the base effects. Overall inflation in the EU will be 2.7% in 2024 and 2.2% in 2025, thus approaching the European Central Bank's (ECB) target of 2%.

For Latvia, these changes in the external economic environment are significant, as they will have a direct impact on the country's trade and investment volumes. Weak growth in EU Member States, especially in key trading partners, poses risks to export outlets. At the same time, positive signals from the Nordic countries and Poland offer opportunities to increase trade with them.

3.2 Macroeconomic indicators in 2023 and projections for 2024

GDP: By 2022, the Latvian economy had managed the problems caused by both the Covid-19 pandemic and the Russian-triggered war better than expected, but in 2023 the negative impact of the external environment became more pronounced, and Latvia's GDP decreased by 0.3% compared to the previous year.

Last year's economic downturn was mainly determined by the low economic growth worldwide and in Latvia's main foreign trade partners. As a result, Latvian exports of goods and services fell by 5.9% last year, particularly in the export-oriented manufacturing industry sector, as well as in the transport and storage sector, which was further affected by the loss of Russian cargo transit. At the same time, domestic demand remained relatively strong, with particularly strong growth in investment (+8.2%) and construction sector. Public consumption

also increased sharply (+7.0%), while the decline in private consumption (-1.3%) should be assessed as relatively moderate given the sharply higher price level.

Following the drop last year, economic growth has recovered in 2024, with GDP rising by 0.3% on a year-on-year basis in the first half of the year. The modest growth at the beginning of the year was mainly driven by public consumption and related sectors, but, in the second half of the year, the external sector and faster growth in exports will play a stronger role in growth as the situation in the main foreign trade partners improves. Total GDP growth is projected at 1.4% in 2024.

Industry: In 2023, Latvia's industry sector saw a 5.4% drop in production volumes. Manufacturing industry, which accounts for the largest share of industry, saw output fall by 4.6%. Significant drop was caused by weak demand in both domestic and export markets, especially in wood industry (-7.8%), metalworking (-5.8%) and non-metallic minerals (-16.3%). Whereas, positive results were shown by the food manufacturing sector, with a 4.5% increase in volumes, and high growth was recorded in the manufacture of computers, electronic and electrical equipment. The electricity and gas supply sector experienced a slight increase (+0.7%).

Beginning of 2024 was not favourable for the manufacturing sector, as production volumes continued to decrease amid continued weak demand in both Latvia and the EU. However, the situation in manufacturing industry, especially food and high-tech sectors, is expected to stabilise. Furthermore, the share of wind and solar power in electricity production continues to increase, which can contribute to growth in the electricity and gas supply sector.

Retail: In 2023, turnover in the retail sector decreased by 1.9%. The decline was mainly due to rising consumer prices, which affected purchasing power of households, as well as to more expensive credits. Food retail fell by 4.7%, while sale in non-food goods (excluding fuel) decreased by 1.7% compared to the previous year. The only segment to show growth was fuel trade (+4%).

In 2024, retail trade is expected to gradually recover, thanks to above-inflation wage growth. Fuel sales could continue to grow, while demand in the food retail and non-food segments could stabilise. However, overall retail growth will remain sluggish, and population decline will also be of higher importance, limiting the pool of potential consumers.

Construction: The construction sector showed a significant growth (+18.9%) in 2023, mainly due to an increase in residential and industrial construction. Construction of apartment buildings increased by 27.8%, and of industrial buildings and warehouses - by 59.8%. The high growth was also driven by a sharp boom in construction activity after the 2022 drop due to high construction costs.

Overall, construction volumes will remain close to last year's level in 2024, which will be affected also by the high base in 2023, but growth will accelerate in the second half of the year and next year, driven by projects of the EU funds and the development of large infrastructure projects, such as *Rail Baltica*. Private sector activity in construction is also likely to increase as construction costs stabilise and the economic environment improves.

Transport: The transport and storage sector experienced a 7.8% drop in turnover in 2023, mainly due to a decline in freight, especially in transit through ports and rail. The drop in freight volumes was due to sanctions against Russia and a decrease in the transit of energy products. Although passenger transport, especially in the aviation sector, recovered after the pandemic restrictions, this could not offset the losses incurred in freight traffic.

Passenger transport is expected to continue to grow in 2024, especially in aviation and land transport, but transit freight volumes are likely to remain low as Russian freight flows continue to decline due to sanctions. Growth of the transport sector can only be based on domestic demand and growth in transport volumes within Latvia.

Finance: Latvia's financial and insurance sector experienced a significant increase in profits in 2023, thanks to high interest rates driven by the rise in *Euribor*. Banks made record profits, representing 75% over the indicators in 2022, and crediting remained stable despite high interest rates making new loans difficult.

Interest rates are expected to start falling gradually in 2024, which may slightly reduce bank profits, but may also stimulate credit growth. Latvia still lags behind its Baltic neighbours in crediting, and necessity for additional measures are expected in this sector to facilitate access to finance for households and businesses.

Domestic consumption: In 2023, private consumption in Latvia was constrained by high inflation and a decline in purchasing power, which dampened people's economic confidence. Private consumption fell by 1.3% compared to 2022, a moderate decline, as offset of the sharply growing rise in prices was facilitated by both the savings built up during the Covid-19 pandemic, and government energy support measures and more rapid pension indexation in the second half of 2022.

In the first half of 2024, private consumption growth was low at 0.6%, despite strong wage growth and low inflation. Consumers' uncertainty about their future financial situation has held back consumption growth, but overall annual growth rate will increase, with private consumption making a stronger contribution to GDP growth.

Public consumption, on the other hand, continued to increase in 2023 and this trend continued also in 2024, when overall 4.6% annual growth is projected. Public consumption growth is driven by public spending, including public sector wage increases and higher defence spending. Public consumption growth will be stable at around 2% per year in the coming years, but EU investment projects will also have a significant impact on growth.

Investments: In 2023, investments in the Latvian economy increased by 8.2% reaching the ratio 24.1% of GDP. This growth was higher than in previous years and above the EU average, with a positive impact on overall economic activity, offsetting falls in private consumption and exports. The largest contribution came from activity in construction sector, where investment rose by 18.9%, related to construction of offices, housing and warehouses, as well as renovation projects. This increase was directly linked to higher investment from EU structural funds and RRF, as well as a rise in private sector investments. At the same time, investment in plant and machinery fell by 0.3%, despite a 28.1% increase in investments in vehicles.

Whereas, investment in intellectual property products and other fixed assets fell by 0.8% and 8% respectively in 2023, indicating uneven development across investment groups. Overall, the structure of investments shifted more towards construction, while investment in technology equipment declined.

Q1 2024 did not show a favourable trend in terms of investment, with a 9.3% decrease in investments compared to the same period of 2023. This decline explicitly manifested in technological plant and machinery, where investment fell by 14.6%, and in vehicles (-7.8%). Despite the decrease, data on business plans in manufacturing industry show positive developments - 33.1% of planned investments in 2024 will be devoted to expanding production, the highest indicator since 2004.

Investment activity in the construction sector in 2024 is also hampered by the high construction costs and high interest rates, which keep the investment realisation costs high. With the majority of EU fund investments directed into construction, investments in this sector are expected to grow in the second half of 2024, when EU structural funds will be used more intensively. However, overall investment growth will be moderate this year and, according to forecast, is expected to increase by 0.3%.

Foreign trade: In 2023, foreign trade activity of Latvia declined significantly, which was determined by weak external demand in the EU's main export markets, as well as due to high inflation and high interest rates. Exports of goods and services fell by 5.9%, one of the largest declines among EU Member States, and exports in the other Baltic countries saw a similar decline. Fall in exports was driven by a 20.8% drop in exports of mineral products and an 8.6% drop in exports of machinery and electrical equipment. In contrast, exports of chemical products rose by 13.4%, slightly mitigating the overall decline in exports.

Whereas, the value of imports fell by 2.8% in 2023, mainly due to fall in imports of intermediate consumption goods. The value of imports of goods fell by 11.8% in the first five months of 2024, especially in the mineral products group (-35.7%), which helped to reduce the foreign trade deficit. Exports and imports of services recorded a moderate decline, with the exception of exports of transport services, which grew by 4.7%. However, the overall foreign trade balance deteriorated in 2023, with a negative impact on GDP.

Gradual increase in exports is expected in 2024, mainly due to base effects, but growth will be moderate, as this is related to the economic development of Latvia's trading partners. Exports at constant prices are expected to grow by 0.3%, and imports - by 1.0%. Although the economic growth forecast for the EA has been upgraded for this year, this upgrade should be assessed as symbolic and confirms that external demand remains weak, so the conditions for a rapid expansion of Latvian exports this year are not in place yet.

Labour market: After temporarily rise in unemployment rate to 8.1% in 2020, it fell to 7.6% in 2021, before falling to 6.9% in 2022. Despite the slowdown in economic growth, unemployment rate continued to fall and reached 6.5% in 2023. The main reasons for this decline are not only economic developments, but also demographic factors: the number of young people entering the labour market has long been lower than the number of people aged 60+ leaving the labour market.

However, in late 2023 and early 2024, the economic downturn starts showing reflection in the labour market. The unemployment rate rose to 7.2% in Q1 2024, 0.8 percentage points higher than in the same quarter a year earlier. At the same time, registered unemployment remained low, falling to 5.1% in June 2024. The unemployment rate is forecast at 6.7% for 2024, and it will continue falling in the following years, reaching 5% by 2028.

In 2023, number of employed persons reduced by 0.2%, but, as the economy recovers from the downturn, employment rates could remain stable in 2024 and 2025. In the long term, a slight decline in number of employed persons is expected due to demographics.

Despite difficult economic conditions, personal income of residents continued to rise. Average monthly gross wages increased by 7.5% in 2022, and growth accelerated to 11.9% in 2023, reaching EUR 1,537. In 2024, wage growth was also driven by increase in the minimum wage and public sector wages. Real net wages, which reflect purchasing power, recovered from a fall in 2022 to grow by 2.2% in 2023. In 2024, the average gross wage is expected to increase by 7.7% to EUR 1,655.

Inflation: In 2023, inflation in Latvia decreased significantly, especially in the second half of the year, mainly due to fall in energy prices and lower food price inflation. Rise in consumer prices, which was above 20% in January, fell to 0.9% in December. Average annual inflation rate was 9.1%, which, although lower than in 2022, was still above the *euro* area average (5.4%). The main drivers of inflation in 2023 were rise in food prices (13.2%) and prices of housing management services (price of thermal energy rose by 19.6%, electricity and gas - by 12.5% and 2.7% respectively), while fuel prices fell by 9.2%. The fall in energy prices, in particular for natural gas and electricity, significantly eased inflationary pressures in the second half of the year.

However, core inflation, which reflects the impact of internal economic factors and excludes energy and food price fluctuations, remained high in 2023. Core inflation stood at 9.4%, although down from 11.0% in 2022. This high core inflation was driven by second-round effects from previous increases in energy and food prices, as well as labour cost increases due to the tight situation in labour market.

In 2024, inflation has stabilised at a low level, with consumer price increase forecast at around 1.2%. Core inflation will remain relatively high, thanks to wage growth and rise in prices of services. However, external factors, such as stabilising energy prices, will continue to dampen inflationary pressures, especially in relation to housing utilities. The highest inflation risks in 2024 are expected to be related to domestic economic developments, while external factors, in particular imported inflation, are expected to continue moderating.

3.3 Macroeconomic development scenario for 2025-2028

The MoF has developed the medium-term macroeconomic development scenario in June 2024 on the basis of GDP data for Q1 2024, as well as information on short-term macroeconomic indicators available before June. While developing the medium-term macroeconomic development scenario, the MoF has consulted the International Monetary Fund, the EC and experts of commercial banks. Forecasts for macroeconomic indicators have been agreed with the BoL and the MoE, and approved by the FDC on 10 June 2024. The macroeconomic scenario for 2025-2028 foresees the Latvian economy stabilising with moderate growth in 2024, when GDP growth is projected at 1.4%, accelerating to 2.9% in 2025 and continuing at around 2.5% in the following years. The economic recovery will be enhanced by growth in public and private consumption, as well as stronger absorption of EU fund investments and faster growth in exports.

Private consumption will increase by 1.6% in 2024, with the inflation returning to target level and recovery of purchasing power. In the coming years, along with improvement of consumer confidence and simultaneously strong wage growth rates, private consumption growth will pick up, reaching 1.8% in 2025 and rising to 2% in the following two years. The rise in private consumption will also be supported by falling interest rates, reducing the attractiveness of deposits. Private consumption will contribute around 1 percentage point to GDP growth, with the percentage gradually increasing and approaching 1.5 percentage points by 2028. **Public consumption**, driven by wage increases for public sector employees, primarily in the interior and education sectors, as well as increase in defence spending, will grow by 4.6% in 2024, before moderating and stabilising around 2% per year in later years.

Investment growth will be modest in 2024 (0.3%) due to delays in the absorption of EU funding, but investment will grow by 4.5% in 2025 thanks to a more active implementation of EU fund projects and major infrastructure projects, including *Rail Baltica*. In the coming

years, investment will grow by around 2% annually. Exports will be stable in 2024, growing by 0.3%, before accelerating to 3.2% in 2025.

Inflation will fall to 1.2% in 2024 and rise to 2.2% in 2025, stabilising around 2.5% by 2028. Inflation dynamics will be determined by the stabilisation of energy prices, which will reduce production and transport costs, and by the weakened pressure on imported inflation from external factors, such as slower global growth. The scenario assumes that wage increases do not lead to significant inflationary pressures, as they are offset by productivity growth. Private and public consumption growth will also be moderate, which will not lead to a surge in demand, helping inflation to stabilise around 2.5% by 2028.

Average monthly **wage** continued to rise sharply in early 2024, boosted by increase in the minimum wage and public spending in the public sector. Average gross wages are projected to grow by 7.7% in 2024 and 6.3% in 2025. In the medium term, wage growth rate will stabilise around 5%, in line with productivity growth.

Unemployment rate, which increased at the end of 2023 and at the beginning of 2024, is forecast at 6.7% in 2024 and 6.3% in 2025. Unemployment will gradually fall to 5.0% by 2028, mainly due to the decline in the working-age population and the return to economic growth. The number of employed persons will remain stable at around 884,000, with a slight downward trend until 2028.

Table A. Macroeconomic indicators 2023 -2028

	2023	2024	2025	2026	2027	2028
	fact	forecast				
GDP, million EUR	40,348	41,894	44,379	46,836	49,349	51,851
% change at real prices	5.1	3.8	5.9	5.5	5.4	5.1
changes at constant prices, %	-0.3	1.4	2.9	2.8	2.6	2.3
deflator (year-on-year), %	5.4	2.4	2.9	2.7	2.7	2.7
CPI (year-on-year), %	8.9	1.2	2.2	2.5	2.5	2.5
Average monthly gross wage of employees, EUR	1,537	1,655	1,760	1,865	1,958	2,056
% change at real prices	11.9	7.7	6.3	6.0	5.0	5.0
changes at constant prices, %	2.8	6.4	4.0	3.4	2.4	2.4
Employment, thous. residents (according to Labour Force Survey)	884	884	884	883	882	878
change, %	-0.2	0.0	0.0	-0.1	-0.2	-0.4
Unemployment rate (annual average), % of economically active population	6.5	6.7	6.3	6.0	5.5	4.9

Long-term GDP forecast, potential GDP dynamics

Potential GDP growth is forecast at around 2.2% for the period 2025-2028; for comparison - it is lower than the average economic growth in the last 10 years or 2.6%. Potential GDP growth will be boosted by potential capital accumulation and growth in potential total productivity, which accounts for 0.8 and 1.7 percentage points of potential GDP growth, respectively, on average over the projection period. Whereas, the potential labour force will constrain potential GDP growth, reducing it by 0.3 percentage points on average over the projection period. Such dynamics corresponds to Latvia's demographic trends, namely, number of employees decreases, offset by productivity growth.

Table B. Potential GDP dynamics and factor contribution 2023 -2028

	2023	2024	2025	2026	2027	2028
Potential GDP growth, %	2.3	2.2	2.2	2.2	2.2	2.1
Labour force, contribution in percentage points	0.0	0.1	-0.3	-0.4	-0.4	-0.6
Capital, contribution in percentage points	0.9	0.8	0.9	0.9	0.8	0.8
Factor productivity, contribution in percentage points	1.4	1.4	1.6	1.8	1.8	1.9

It should be noted that potential GDP growth is estimated by the EC at a lower level, 1.3%. This difference is mainly due to different assumptions about labour market participation rates. The MoF assumes that the participation rate will approach 70% of the working age population (15-74 years), as this is in line with government policy and recent labour market trends, while the EC assumes that the rate will decrease over the projection period. This assumption alone explains the 0.4 percentage point difference between the MoF and EC projections, while the dynamics of the other indicators, namely potential capital and potential productivity, are similar over the projection period.

4. FISCAL SITUATION

4.1 Fiscal indicators in 2023 and projections for 2024

According to results of the general government deficit and debt notification published in April 2024², the general government budget in 2023 had a deficit of EUR 893.1 million, or 2.2% of GDP.

Compared to 2022, when the general government deficit was 4.6% of GDP, the balance improved by 2.4 percentage points in 2023, with a significant reduction due to Covid-19 support and energy support. If the total aid had a negative impact on the balance of around EUR 1 billion or 3.2% of GDP in 2020, in 2021, around EUR 2.1 billion or 6.3% of GDP and, in 2022, around EUR 1.5 billion or 3.9% of GDP, according to the MoF estimates, the total support in 2023 amounted to around EUR 0.6 billion or 1.5% of GDP, of which more than 70% was accounted for by support to energy consumers in the face of price increases.

Given substantial increase in tax revenues and lower aid spending, in 2023, the central government balance improved compared to 2022, but the sector still had a deficit of EUR 1.1 billion. The local government budget also showed a deterioration in balance, with a deficit of EUR 136.9 million, due to a significant increase in expenditure in all expenditure groups. Whereas, balance of the social security fund improved compared to 2022, with revenue growing faster than expenditure, and a budget surplus of EUR 314.5 million remaining (see Figure 4.1).

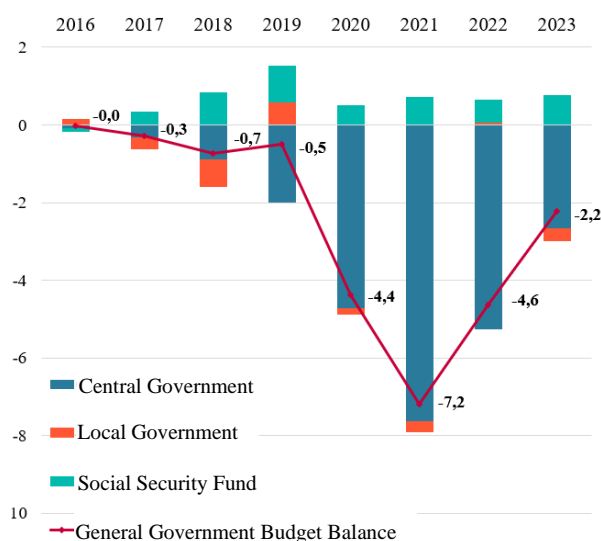


Figure 4.1. General government budget balance broken down by subsectors, % of GDP (Data source: Eurostat, MoF)

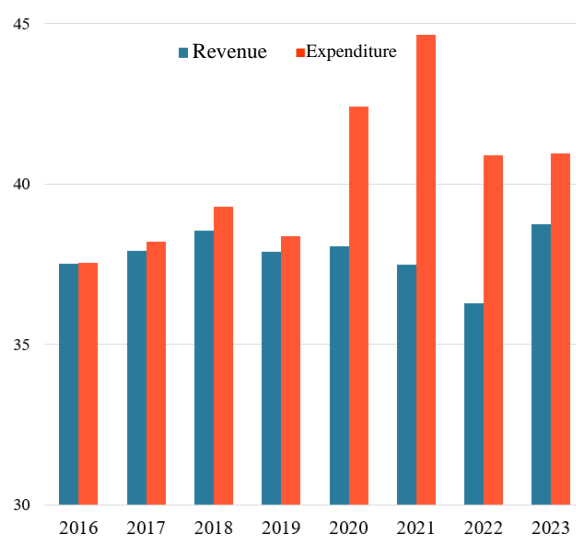


Figure 4.2. General government revenue and expenditure, % of GDP (Data source: Eurostat, MoF)

In 2023, compared to 2022, general government revenue increased by EUR 1.7 billion or 12.3% to EUR 15.6 billion or 38.7% of GDP (see Figure 4.2), mainly with the increase in tax revenue (tax burden) by EUR 1.1 billion or 9.1%, which accounted for the largest share of revenue in the amount of EUR 13.0 billion. Among tax revenues, the largest increases were in social security contributions (D.61) and current taxes on income and wealth (D.5). In 2023, tax revenue

² The general government deficit and debt notification, as required by Regulation (EC) No. 479/2009, is submitted to Eurostat twice a year, by 1 April and by 1 October. Eurostat is obliged to publish the results of the notification within three weeks of the deadlines mentioned.

reached 32.3% of GDP, which is equal to 1.1 percentage points over the indicator in 2022. Accordingly, general government budget revenue as a share of GDP increased by 2.5 percentage points in 2023.

General government expenditure increased in 2023 by EUR 822.5 million or 5.2%, to EUR 16.5 billion or 41% of GDP (see Figure 4.2). Lower growth in expenditure than revenue in 2023 can be explained by higher spending in 2022 for building of strategic gas reserves, as well as significantly lower government spending in 2023 to finance Covid-19 support measures. The largest increase in expenditure in 2023 (by EUR 584.4 million or 14.2%) was for compensation of employees (D.1) at EUR 4.7 billion, driven by increase in the national minimum wage from EUR 500 to EUR 620 as of 1 January 2023, the increase in teachers' salaries in the local government budget and higher central government spending on wages, mainly in the defence, interior and justice structures. Increase was noticed also in the expenditure on social payments (D.632 and D.62) - by EUR 270.1 million or 5.3%, where the social security fund, with a very high pension indexation rate in 2023, experienced higher spending on old-age and invalidity pensions.

When analysing the most recent execution of budget on a cash-flow basis, the consolidated general budget for the first eight months of 2024 ended with a surplus of EUR 650.1 million, significantly higher than the surplus of EUR 68.8 million in the first eight months of last year. Surpluses have emerged at all levels of the budget. The general budget surplus was boosted by a significant revenue increase of EUR 1.5 billion or 14.1% compared to the respective period last year, with the revenue of EUR 11.9 billion. The increase in general budget revenue is mainly due to the receipt of revenue of Foreign Financial Assistance (hereinafter referred to as - FFA) for the implemented EU funds projects, which amounted to almost EUR 1.7 billion in the first eight months of 2024, representing EUR 672.4 million or 66.2% over the indicators a year earlier. According to the European System of Accounts (ESA) methodology, this revenue will be recorded in the amount of expenditure spent on EU funds projects.

Tax revenue of the general budget (including the balance in the single tax account and excluding contributions to the state funded pension scheme) in the first eight months of that year amounted to EUR 8.9 billion, representing EUR 605.7 million or 7.3% higher compared to the respective period of 2023. Revenue growth continues to be driven by higher labour tax revenue (PIT increased by EUR 203.8 million or 12.9%, and revenue from mandatory social contributions increased by EUR 292.2 million or 11%), which should be related to a significant increase in wages of employees in the public sector (mainly education and defence sectors). However, wage growth in the private health and education sectors should also be noted, as well as in the electricity supply and construction sectors. Whereas, the amount of VAT revenue collected in the first eight months of 2024 represented EUR 99.3 million or 3.8% below the level of last year, amounting to EUR 2.5 billion, mainly by fall in VAT payments in the energy supply sector (due to price cuts earlier this year) and in the trade sector.

Total expenditure in the consolidated general budget in the first eight months of 2024 amounted to EUR 11.2 billion, representing EUR 883.6 million or 8.6% over the indicators of the respective period last year. The largest increase in expenditure in the general budget is for remuneration (i.e., including expenditure for the employers' social insurance contributions) - by EUR 387.6 million or 17.3%. Rise was driven by the increase in the national minimum wage from EUR 620 to EUR 700 as of 1 January 2024, as well as by salary increases for the employees of the defence, interior and justice sectors, including the disbursement of retirement allowances to the officials of the interior and justice sectors with special service ranks for every five years of uninterrupted service. The municipal budget also saw a significant increase in expenditure for remuneration, largely due to higher spending on teachers' salaries.

Capital expenditure in the general budget totalled EUR 810 million in the first eight months of this year, representing EUR 84.2 million or 11.6% compared to last year. Including -

expenditure of the state basic budget on gross fixed capital formation in the first eight months of this year increased by EUR 147.2 million or 53.3%, amounting to EUR 423.4 million, where a significant advance payment for the purchase of armament was made in February this year for the provision of basic functions in the defence sector, and it will be accounted for at the time of delivery of the armament according to the ESA methodology. Whereas, at the end of the previous programming period, capital expenditure of the state basic budget for FFA projects has decreased in the first eight months of 2024 - by EUR 9.2 million or 5.9%. Currently, in the two-period transition, new investment opportunities are at the regulatory and project clearance stage, so an increase in the amount of new investments is expected in the coming years. In the first eight months of 2024, *Rail Baltica* project expenditure in the state basic budget amounted to EUR 90.4 million (including EUR 81.1 million in capital expenditure), representing EUR 14.1 million or 13.5% over the indicator of the corresponding period last year. In the first eight months, payments in the amount of EUR 172.1 million (including EUR 45.7 million in capital expenditure) were made to RRF projects, representing EUR 49.2 million or 40.1% over the indicator of the corresponding period last year.

According to the MoF assessment, the general government budget deficit will reach 2.6% of GDP in 2024, and it is 0.3 percentage points lower than projected at the beginning of April this year when the Stability Programme for 2024-2028 was developed, and 0.2 percentage points below the permissible general government budget deficit set by the Law on the State Budget 2024 and Budgetary Framework for 2024, 2025 and 2026. Compared to the approved budget, lower expenditure and consequently national co-funding for foreign financial assistance projects are forecast, taking into account the closure of the previous programming period and slower start of Cohesion Policy funds and RRF projects in the new programming period, with the MoF accordingly reducing the forecast for 2024 and shifting planned expenditure to future years. Non-tax and own revenue are also projected to be higher than previously planned.

It should be noted that the extensive energy support provided in previous years is no longer foreseen in 2024. At the same time, the government has allocated EUR 50 million in the 2024 budget to mitigate the impact of the increase in electricity tariffs, of which, according to the MoCE, EUR 25.7 million was spent in the first half of this year. The 2024 budget also earmarks EUR 70 million to support Ukraine's civilians, of which EUR 20.8 million has been spent in the first half of this year, as estimated by the MoF.

4.2 Fiscal projections under no-policy-change scenario for the period of 2025-2028

The medium-term projections for the general government budget under no-policy-change scenario were based on budgetary implementation trends in the six months of 2024 and on revenue and expenditure projections updated in July this year in line with the updated macroeconomic development scenario, as well as taking into account the projections provided by companies reclassified into the general government sector on the impact of their economic and financial performance on the balance.

Weak economic growth in Latvia and in Europe is contributing to lower-than-budgeted tax revenues in the first half of 2024. Although inflation has eased significantly, interest rates set by the ECB have remained high, continuing to hinder economic activity. Compared to the Law on the State Budget 2024 and the Budgetary Framework for 2024, 2025 and 2026, approved last December, the general government budget is projected to have a higher deficit under no-policy-change scenario - by 0.5 percentage points in 2025 and by 1.8 percentage points in 2026. Compared to the Stability Programme for 2024-2028, it is 0.2 percentage points higher in 2025, 0.5 percentage points higher in 2026, 0.3 percentage points higher in 2027 and 0.5 percentage points higher in 2028 than projected at the beginning of April this year.

The general government budget under no-policy-change scenario projects deficit: 2.9% of GDP in 2025, 2.7% of GDP in 2026, 2.4% of GDP in 2027 and 2.2% of GDP in 2028 (see Table C).

Table C. General government budgetary indicators under no-policy-change scenario

		2023	2024	2025	2026	2027	2028
	ESA code	% of GDP					
Net lending (+)/ net borrowing (-) (B.9) by subsector							
General government	S.13	-2.2	-2.6	-2.9	-2.7	-2.4	-2.2
Central government	S.1311	-2.7	-3.4	-3.4	-3.1	-2.7	-2.4
Local government	S.1313	-0.3	0.0	-0.1	0.0	0.0	0.0
Social security funds	S.1314	0.8	0.8	0.6	0.4	0.3	0.2
General government (S.13)							
Total revenue	TR	38.7	42.1	40.9	40.3	39.1	38.3
including tax revenue		32.3	34.2	33.8	33.7	33.3	33.0
Total expenditure	TE	41.0	44.7	43.8	43.0	41.5	40.6
including interest expenditure	D.41	0.6	1.1	1.2	1.4	1.5	1.5
General government debt		43.6	45.8	46.8	47.0	49.6	48.9

According to forecasts, percentage of general government **revenue** as a share of GDP will be lower in 2025 compared to 2024 and reach 40.9% of GDP. In the following years, it will continue to decrease - to 40.3% in 2026, to 39.1% in 2027 and to 38.3% of GDP in 2028, respectively.

In 2025, tax revenue of the general budget (on a cash-flow basis) is projected to be 5.5% higher than in 2024. In the following years, increase in tax revenue growth will be lower; growth of 5.3% is projected 2026, 4.5% in 2027 and 4.4% in 2028. In general, tax revenue dynamics in 2025-2028 is projected to be in line with the projected development rates of the Latvian national economy, with the share of tax revenue or tax burden in GDP remaining relatively stable at 33%-34% over the aforementioned period.

State social insurance contributions and PIT are the main taxes on labour force, and their growth is projected to be one of the most important sources of additional revenue for the state budget in the coming years, given the increase in average wages in the national economy. In 2025, current taxes on income and wealth (D.5) are projected to increase by 3.6% compared to 2024, while net social contributions (D.61) are projected to be 5.9% higher. The lower growth rate of current taxes on income and wealth (D.5) is determined by a slight decline in CIT revenue in 2025, mainly due to lower projected revenue from commercial bank profits. In nominal terms, this revenue is also expected to increase in the general government budget in the coming years, at a pace that is consistent with the macroeconomic scenario.

The budget is expected to show moderate growth in taxes on production and imports (D.2) under no-policy-change scenario - 4.2% in 2025, 4.1% in 2026, 3.4% in 2027 and 3.5% in 2028. This revenue is expected to increase in line with the projected growth rates of the Latvian national economy, as well as a slight increase in the already planned ED rates.

According to the projections, general government **expenditure** as a share of GDP under no-policy-change is projected to decline to 43.8% of GDP in 2025 compared to 2024, 43.0% of

GDP in 2026, 41.5% of GDP in 2027 and 40.6% of GDP in 2028. In nominal terms, total expenditure will increase year on year, as will revenue.

After a significant increase in 2024, compensation of employees (D.1) in the general government budget will grow only by 1.7% to 12.2% of GDP in 2025 under no-policy-change scenario, compared to the expenditure share of 12.7% of GDP in 2024. The low growth rate can be explained by the fact that the central government's budget under no-policy-change policy does not take into account government decisions to increase funding.

Expenditure for social payments (D.632 and D.62) has risen in terms of share of GDP year on year in recent years. While this position accounted for 12% of GDP in 2019, it was 14.1% of GDP in 2024. Social payments spending will remain at a high level under unchanged policies also in 2025 - 13.9% of GDP, and 14.1% of GDP in 2026-2028, which can mainly be explained by increase in spending on old-age pensions as well as sickness and unemployment benefits. According to the Ministry of Welfare's projections, which are based on six months of actual implementation this year, the number of old-age pension beneficiaries is projected to be higher on average per month in 2024. Overall, the number of old-age pension beneficiaries will fall to 425,400 by the end of the retirement age reform in 2025. However, from 2026 onwards, in line with *Eurostat's* projections regarding the growth of 65+ population, the number of old-age pension beneficiaries will also increase to reach 432.9 thousand in 2028.

Share of interest expenditure (D.41) of GDP has been increasing since 2023, and such a trend is planned up to 2028. High interest rates and amount of the nominal deficit increase the need to borrow, therefore, share of interest expenditure will rise from 1.1% of GDP in 2024 to 1.5% of GDP in 2028.

Investment expenditure (P.51g) is projected to be above the levels of previous years in the medium term - 5.2% of GDP in 2025 and 5.4% of GDP in 2026, driven by both investments in internal and external national security and active implementation of foreign financial assistance (FFA) projects. In 2025 and 2026, the State's basic budget is projected to spend significantly more on the implementation of FFA projects compared to previous years, given the increasing expenditure on EU funds projects for the 2021-2027 programming period and the need to successfully invest all the funds available from the RRF by 2026. Funding for the implementation of *Rail Baltica* project is also planned at a significantly higher level in 2025-2026, but the amount of such funding in the budget in subsequent years is limited to project activities for which funding from the EC has already been approved. In the local government budget, capital expenditure is projected to be lower in the medium term than in the budget and the Stability Programme 2024-2028. Revision of the forecasts was made in view of the 28.0% decrease in capital expenditure in the municipal budget in the first six months of this year compared to the same period in 2023, reflecting a weak actual execution under the foreign financial assistance section. This reduced capital expenditure on EU Fund projects, with lower co-funding from local governments forecast in the medium term. Whereas, spending on basic functions increased significantly despite weak borrowing, so the capital expenditure forecast for basic functions was increased both for this year and for the medium term.

5. FISCAL TRAJECTORY

Context for setting the fiscal trajectory

Under the terms of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary developments and repealing Council Regulation (EC) No. 1466/97 (the Regulation), the central element of the FSR is the setting of the fiscal trajectory for the next 4 years and the commitment to respect it regardless of future economic developments. This means that, under the conditions of a better economic growth, the extra revenue generated is not converted into spending, and vice versa: under the conditions of a lower economic development, a fall in revenue is not a reason to cut spending. This ensures the stability of fiscal policy and the possibility of setting it for the medium term period. The fiscal trajectory is defined as expenditure growth in 2025 versus 2024, expenditure growth in 2026 versus 2025, and so on. It is important to note that this does not apply to all general government expenditure, but to a subgroup of expenditure - net nationally financed primary expenditure (NNFPE). Total expenditure excludes expenditure financed by EU funds, interest expenditure, as well as expenditure are adjusted to exclude expenditure related to cyclical unemployment. It should be noted that the fiscal trajectory sets the maximum level of growth of the NNFPE that would occur under a constant revenue policy. For example, if a tax rate is increased and this generates EUR x in additional financing for the general government budget, expenditure can be increased by the same amount, and vice versa - if a tax change reduces revenue, expenditure must be reduced by an identical amount. Such changes in revenue policy are called discretionary revenue measures. Given that more or less changes in revenue policy are made in each budget preparation cycle, the actual maximum NNFPE will never coincide with the fiscal trajectory. The difference will be by the impact of that year's discretionary revenue measures.

Under the Regulation, the trajectory of expenditure is set to respect a number of different rules. For Latvia, which belongs to the group of countries with debt below 60% of GDP and a deficit below 3% of GDP, the key rule is to ensure that, in 2028, the structural primary balance is in the amount that - in case of unchanged further policies - ensures that in no year from 2029 to 2038, the deficit will not exceed 3% of GDP and the debt - 60% of GDP.

In order to comply with the above rule, macroeconomic and fiscal projections up to 2038 are required. Given that macroeconomic and fiscal forecasts in the EU and Latvia are updated at least twice a year, the fiscal trajectory depends on the forecasts used. By calculating the fiscal trajectory in this plan, i.e., at a specific point in time, and fixing it for the whole period until 2028, the projections actually used become conditional - they are more or less precise assumptions about how fiscal performance will evolve in the future. It is a commitment to compliance with fiscal discipline within a given constraint, based on future assumptions with a high uncertainty component. Under the Regulation, to avoid the risk of countries being more or less optimistic about future developments, the trajectory is set using the EC's common methodology and common assumptions to the maximum extent possible. As the first approximation to the calculation of trajectory, the EC spring 2024 forecasts are used. The EC calculation of trajectory was sent to EU Member States in June 2024, for Latvia it was included in the document "technical information" and is attached as Annex 1 to this plan. It should be noted that for countries with debt below 60% of GDP and deficits below 3% of GDP, the EC sent information on the structural primary balance to be achieved in 2028 and not - as for the other countries - an indicative fiscal trajectory, i.e., the maximum level of NNFPE growth. However, in addition to the technical information, the EC also sent to all countries a calculation file that allows the technical information to be converted into a fiscal trajectory.

While Latvia's fiscal trajectory could be fully determined using the information sent by the EC in June 2024, doing so would create problems with Latvia's forecast for 2024. Latvia's forecast

for the 2025 budget and the EC spring 2024 forecast differ, whereas, increase in the 2025 NNFPE depends not only on the level of the structural primary balance required in 2025, but also on its forecast level in 2024, which is lower in Latvia's forecast than in the EC forecast. To address this problem, an integrated forecasting system is used to determine the fiscal trajectory, with Latvian macroeconomic and fiscal forecasts used for 2024, but, from 2025 onwards, the EC spring 2024 forecast and the EC's overall assumptions and methodology are used. It should be recognised that such a "hybrid" model is not optimal, but, given that the fiscal trajectory is, to some extent, a conditional agreement on compliance with the rules of fiscal discipline, the approach chosen is justified.

Commitments with regard to the fiscal trajectory

Table 1.a. Fiscal commitments

			2023	2024	2025	2026	2027	2028
1	Net nationally financed primary expenditure	growth rate		9.1	5.9	3.6	3.4	3.3
2		cumulative growth rate		9.1	15.5	19.7	23.8	27.9

Indicators underpinning the undertaken fiscal commitments

The parameters in the following tables are presented in 2023 according to *Eurostat* data, in 2024 - according to fiscal projections of Latvia, and from 2025 onwards - using data provided in the EC technical information and the overall EC assumptions and methodology.

Table 1.b. Main parameters

		2023	2024	2025	2026	2027	2028
		growth rate	growth rate	growth rate	growth rate	growth rate	growth rate
1	Potential GDP	2.3	2.2	2.1	1.2	0.9	0.9
2	GDP deflator	5.4	2.4	2.5	2.5	2.5	2.5
		% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
3	Net lending/borrowing	-2.2	-2.6	-2.9	-2.9	-2.9	-2.9
4	Structural balance	-1.8	-1.9	-2.5	-2.6	-2.7	-2.7
5	Structural primary balance	-1.2	-0.8	-1.3	-1.3	-1.3	-1.3
6	Gross debt	43.6	45.8	47.5	48.5	49.7	50.8
7	Change in gross debt	1.8	2.3	1.6	1.1	1.2	1.2

Table 2. Macroeconomic scenario

		2023	2023	2024	2025	2026	2027	2028
GDP	ESA code	GG billion	growth rate	growth rate	growth rate	growth rate	growth rate	growth rate
Real GDP	B1*g		-0.3	1.4	2.9	1.6	1.2	1.1
GDP deflator			5.4	2.4	2.5	2.5	2.5	2.5
Nominal GDP	B1*g	40.3	5.1	3.8	5.5	4.1	3.7	3.6
Component of real GDP	ESA code	GG billion	growth rate	growth rate	growth rate	growth rate	growth rate	growth rate
Private consumption expenditure	P.3		-1.3	1.6				

		2023	2023	2024	2025	2026	2027	2028
Government consumption expenditure	P.3		7.0	4.6				
Gross fixed capital formation	P.51		4.1	0.2				
Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53							
Exports of goods and services	P.6		-5.9	0.3				
Imports of goods and services	P.7		-2.8	1.0				
Contribution to real GDP growth								
Final domestic demand			2.4	2.0				
Changes in inventories and net acquisition of valuables	P.52 + P.53		-0.7	0.0				
External balance of goods and services	B.11		-2.0	-0.6				
Deflators and HICP			growth rate	growth rate	growth rate	growth rate	growth rate	growth rate
Private consumption deflator			8.0	1.0				
HICP			8.9	1.2				
Government consumption deflator			0.6	3.6				
Investment deflator			6.4	3.0				
Export price deflator (goods and services)			-1.8	1.5				
Import price deflator (goods and services)			-5.2	0.7				
Labour market		level	growth rate	growth rate	growth rate	growth rate	growth rate	growth rate
Domestic employment (1,000 persons, national accounts)	ESA code	884	-0.2	0.0				
Average annual hours worked per person employed		1,862	-0.4	0.0				
Real GDP per person employed			-0.1	1.4				
Real GDP per hour worked			0.3	1.4				
Compensation of employees (GG billion)	D.1	20.6	12.7	6.7				

	2023	2023	2024	2025	2026	2027	2028
Remuneration per employee (= 23/19)	23,298	13.0	6.7				
		%	%	%	%	%	%
Unemployment rate (%)		6.5	6.7				
Potential GDP and components		growth rate	growth rate	growth rate	growth rate	growth rate	growth rate
Potential GDP		2.3	2.2	2.1	1.2	0.9	0.9
Contribution to potential growth							
Labour		0.0	0.1				
Capital		0.9	0.8				
Total factor productivity		1.4	1.4				
		% of the potential GDP	% of the potential GDP	% of the potential GDP	% of the potential GDP	% of the potential GDP	% of the potential GDP
Output gap		-1.0	-1.8	-1.0	-0.7	-0.5	-0.4

Table 3. External assumptions

		2023	2024	2025	2026	2027	2028
1	Short-term interest rate	%, annual average	3.8	3.5	2.8	2.8	2.8
2	Long-term interest rate	%, annual average	3.9	3.5	3.6	3.7	3.7
3	USD/EUR exchange rate	annual average	1.1	1.1			
4	NAC/EUR exchange rate (only for non-EA Member States)	annual average					
5	World real GDP (excluding EU)	growth rate	3.5	3.5			
6	EU real GDP	growth rate	0.4	1.0			
7	World import volumes, excluding EU	growth rate	0.9	3.3			
8	Oil price	Brent, USD/barrel	82.5	85.4			

Table 4. Budget projections

	ESA code	2023	2023	2024	2025	2026	2027	2028
	Revenue	GG billion	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
1	Taxes on production and imports	D.2	5.5	13.8	14.3			
2	Current taxes on income, wealth, etc	D.5	3.1	7.8	8.6			
3	Social contributions	D.61	4.3	10.6	11.2			
4	Other current revenue	(P.11+P.12+P.13)	2.3	5.6	6.6			
5	Capital taxes	D.91	0.0	0.0	0.0			
6	Other capital revenue	D.92+D.99	0.4	1.0	1.4			

	ESA code	2023	2023	2024	2025	2026	2027	2028
7	Total revenue (=1+2+3+4+5+6)	TR	15.6	38.7	42.1			
8	Of which: transfers from the EU (accrued revenue, not cash)	D.7EU+D.9EU	0.6	1.5	1.9			
9	Total revenue other than transfers from the EU (= 7-8)		15.0	37.2	40.2			
10	p.m. Revenue measures (increments, excluding EU funded measures)		-0.1	-0.3	0.8			
11	p.m. One-off revenue included in projections (level excluding EU-funded measures)		0.0	0.0	0.0			
	Expenditure		GG billion	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
12	Compensation for employees	D.1	4.7	11.6	12.7			
13	Intermediate consumption	P.2	2.6	6.3	6.8			
14	Interest expenditure	D.41	0.3	0.6	1.1	1.2	1.3	1.4
15	Social benefits other than social transfers in kind	D.62	4.8	11.9	12.9			
16	Social transfers in kind supplied through market producers	D632	0.5	1.3	1.3			
17	Subsidies	D.3	0.6	1.4	0.8			
18	Other current expenditure	D.29+(D.4-	1.2	3.0	3.8			
19	Gross fixed capital formation	P.51	1.7	4.2	5.1			
20	Of which: Nationally financed public expenditure		1.3	3.3	3.9	4.0	4.5	4.4
21	Capital transfers	D.9	0.2	0.5	0.1			
22	Other capital expenditure	P.52+P.53+N P	0.0	0.0	0.2			
23	Total expenditure (=12+13+14+15+16+17+18+19+21+22)	TE	16.5	41.0	44.7			
24	Of which: Expenditure funded by transfers from the EU (=8)	D.7EU+D.9EU	0.6	1.5	1.9			
25	Nationally financed expenditure (23-24)		15.9	39.5	42.8			
26	p.m. National co-financing of programmes funded by the Union		0.2	0.4	0.4			
27	p.m. Cyclical component of unemployment benefits		0.0	0.0	0.0			
28	p.m. One-off expenditure included in projections (levels, excluding EU-funded measures)		0.0	0.0	0.0			

	ESA code	2023	2023	2024	2025	2026	2027	2028
29	Net nationally financed primary expenditure (before revenue measures) (= 25-26-27-28-14)	15.5	38.4	41.2				
	Net nationally financed primary expenditure			% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
30	Net nationally financed primary expenditure growth	FSP Table 1a,		9.1	5.9	3.6	3.4	3.3
	Balances	GG billion	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
31	Net lending/borrowing (= 7-23)	B.9	-0.9	-2.2	-2.6	-2.9	-2.9	-2.9
32	Primary balance (= 31-14)	B.9-D.41p	-0.6	-1.6	-1.5	-1.7	-1.6	-1.5
	Cyclical adjustment		% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
33	Structural balance		-1.8	-1.9	-2.5	-2.6	-2.7	-2.7
34	Structural primary balance		-1.2	-0.8	-1.3	-1.3	-1.3	-1.3
	Debt	GG billion	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
35	Gross debt		17.6	43.6	45.8	47.5	48.5	49.7
36	Change in gross debt		1.5	1.8	2.3	1.6	1.1	1.2
37	Contribution to changes in gross debt							
38	Primary balance (= minus 32)			1.6	1.5	1.7	1.6	1.5
39	"Snowball effect"			-1.4	-0.5	-1.2	-0.5	-0.3
40	Interest expenditure (= 14)			0.6	1.1	1.2	1.3	1.4
41	Growth			0.1	-0.6	-1.3	-0.7	-0.5
42	Inflation			-2.1	-1.0	-1.1	-1.1	-1.2
43	Stock-flow adjustment (=36-38-39)			1.6	1.3	1.0	0.0	0.0
				%	%	%	%	%
44	p.m.: Implicit interest rate on debt (=14/DEBT(t-1))			1.6	2.6	2.7	2.9	3.0

Table 7.a. Debt and nominal balance forecasts and key underlying assumptions (under the planned fiscal direction)

			2023	2024	2025	2026	2027	2028	2029	2030
1	Gross debt	% of GDP	43.6	45.8	47.5	48.5	49.7	50.8	51.9	53.0
2	General government balance	% of GDP	-2.2	-2.6	-2.9	-2.9	-2.9	-2.9	-2.9	-2.9
3	Structural primary balance	% of the potential GDP	-1.2	-0.8	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3
4	Cyclical component	% of the potential GDP	0.4	0.7	0.4	0.3	0.2	0.1	0.1	0.0
5	One-off measures	% of GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Interest expenditure	% of GDP	0.6	1.1	1.2	1.3	1.4	1.5	1.6	1.6

			2023	2024	2025	2026	2027	2028	2029	2030
7	Long-term interest rate	%	3.9	3.5	3.6	3.7	3.7	3.8	3.8	3.8
8	Short-term interest rate	%	3.8	3.5	2.8	2.8	2.8	2.8	2.8	2.8
9	Implicit average interest rate	%	1.6	2.6	2.7	2.9	3.0	3.1	3.2	3.3
10	Stock-flow adjustment	% of GDP	1.6	1.3	1.0	0.0	0.0	0.0	0.0	0.0
11	Potential GDP	growth rate	2.3	2.2	2.1	1.2	0.9	0.9	1.0	1.1
12	Real GDP	growth rate	-0.3	1.4	2.9	1.6	1.2	1.1	1.2	1.2
13	GDP deflator	growth rate	5.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5
14	Nominal GDP	growth rate	5.1	3.8	5.5	4.1	3.7	3.6	3.7	3.8
			2031	2032	2033	2034	2035	2036	2037	2038
1	Gross debt	% of GDP	53.9	54.9	55.9	56.8	57.7	58.5	59.2	59.9
2	General government balance	% of GDP	-2.9	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-2.9
3	Structural primary balance	% of the potential GDP	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3
4	Cyclical component	% of the potential GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	One-off measures	% of GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Interest expenditure	% of GDP	1.7	1.8	1.9	1.9	2.0	2.0	2.1	2.1
7	Long-term interest rate	%	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0
8	Short-term interest rate	%	2.7	2.7	2.7	2.7	2.7	2.6	2.6	2.5
9	Implicit average interest rate	%	3.4	3.4	3.5	3.6	3.6	3.7	3.7	3.7
10	Stock-flow adjustment	% of GDP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Potential GDP	growth rate	1.2	1.2	1.3	1.3	1.4	1.5	1.5	1.4
12	Real GDP	growth rate	1.3	1.2	1.3	1.3	1.4	1.5	1.5	1.4
13	GDP deflator	growth rate	2.5	2.5	2.6	2.5	2.5	2.5	2.4	2.4
14	Nominal GDP	growth rate	3.8	3.8	3.9	3.9	3.9	4.0	4.0	3.9

6. DECISIVE FACTORS OF FISCAL POLICY

Latvia's fiscal policy with regard to the contents and amount of the new measures for 2025-2028 is determined by 3 key factors:

(1) the **budgetary situation under no policy change scenario**, which, according to the national fiscal framework, implies a set of revenue and expenditure in line with decisions taken, but excluding potential new decisions, regardless of their likelihood. The fiscal indicators under no policy change scenario are presented in Chapter 4.

(2) **fiscal rules** that limit the fiscal scope of the new policy measures. As it will be discussed further in Chapter 6.2 - 3 fiscal rules apply: The structural balance rule of the FDL, the EU structural primary balance rule and the EU fiscal trajectory described in the previous chapter.

(3) **content of the new policy measures**, or medium-term budgetary priorities.

It should be noted that this FSP does not describe all policy measures for 2025 - 2028. This includes only measures under no policy change scenario and the new measures adopted up to the moment of preparation of this document (until 01.10.2024). They ensure that all fiscal rules are met, including the growth trajectory of the NNFPE, but do not rule out the adoption of new revenue and expenditure measures and new priorities in 2026, 2027 and 2028. However, fiscal policy in this case will also be developed to ensure compliance with all the fiscal rules. In the case of balance rules, scope of the new measures will depend on the revenue projections at the time, and hence - on the macroeconomic projections of the moment in question. In this sense, the FSP is not a static document, but reflects the current situation with regard to the 2025 budget and the 2025 -2027 budgetary framework.

6.1 Medium-term budgetary priorities

In the preparation of the state budget 2025 and the budgetary framework for 2025, 2026 and 2027, **national security** was identified as the only priority direction of development for the medium-term budget (Minutes No. 25 of the CoM Meeting of 18 June 2024, §74, Paragraph 2). This is the third year in a row when security has been made a priority direction of development for medium-term budgetary policy, including in the light of the geopolitical situation.

The state budget 2025 and the budgetary framework for 2025, 2026 and 2027 envisages funding of **EUR 1.5 billion** for priority measures for national security, ensuring execution of the Judgement of the Constitutional Court and laws, independent institutions and measures related to changes in tax policy, including **EUR 392.4 million** for 2025 (0.9% of GDP), **EUR 389.9 million** for 2026 (0.8% of GDP), **EUR 398.8 million** for 2027 (0.8% of GDP), and **EUR 334.8 million** for 2028 (0.6% of GDP). Given the limited fiscal space, a number of compensatory measures will be used to implement the priority measures, in addition to the previously allocated base funding. More than a half (57%) or **EUR 864.5 million** of this funding is earmarked for the sole medium-term budgetary priority - security, including **EUR 284.3 million** for 2025 (0.6% of GDP), **EUR 221.1 million** (0.5% of GDP) for 2026, **EUR 210.8 million** (0.4% of GDP) for 2027, and **EUR 148.2 million** (0.3% of GDP) for 2028.

In order to address internal risks and increase the level of security, the largest additional resources in the state budget 2025 and in the budgetary framework for 2025, 2026 and 2027 were allocated for increase in remuneration of the officials of the interior services and the Prison Administration with special service ranks, as well as in remuneration of the employees of the State Revenue Service Tax and Customs Police Department by 10% and introduction of a new supplement for employment within the service in 2025 –2028 in the amount **exceeding EUR 360 million** or EUR 90.1 million annually.

For the takeover of the function of escorting of arrested and convicted persons from the State Police to the MoJ, funding in the amount of **EUR 7.4 million** is earmarked, including EUR 3.2 million for 2025, EUR 1.5 million for 2026, EUR 1.3 million annually for 2027 and 2028.

Additional funding of **EUR 231.9 million** has been found as part of the preparation of the State Budget 2025 and the Budgetary Framework for 2025, 2026 and 2027, including:

EUR 23 million for 2025, EUR 72.2 million for 2026, EUR 61.1 million annually for 2027 and EUR 27.6 million for 2028 for replenishment of ammunition stocks and provision of individual equipment;

EUR 15 million for 2025, EUR 15 million for 2026, EUR 18 million for 2027 for the purchase of additional radars for wind farm development.

The priority measure to strengthen cyber security is supported by planning additional funding of **EUR 41.5 million**, including EUR 12.5 million for 2025, EUR 11.4 million for 2026, EUR 8.9 million for 2027 and EUR 8.7 million for 2028, as well as an measure in relation to improvement of the access road to the military firing ground "Sēlija" and reconstruction of the unit bridge in Daugavpils for the improvement of mobility, earmarking EUR 21.3 million for 2025-2027. It has now been identified that these measures could be financed within the framework of the EU funding programmes.

Almost **EUR 13 million**, incl. EUR 4.3 million for 2025, EUR 3.1 million for 2026, EUR 2.8 million for 2027 and EUR 26 million for 2028 are earmarked to provide completing of the national material reserves according to the volume planned in the nomenclature, as well as renewal and maintenance thereof (readiness for deployment in disaster, military and other threat management operations, including repairs of material reserves, maintenance, technical inspections, checks, verification of equipment, etc.).

Due to the complex geopolitical situation in the Latvian border area, in order to strengthen the continuity of the Emergency Medical Service and the readiness of Emergency Medical Teams in case of emergencies, including military threats, it is necessary to provide adequate measures and supplies (to ensure assistance in cases of specific traumas) within the framework of preparation of the State Budget 2025 and the Budgetary Framework for 2025, 2026 and 2027, funding in the amount of **EUR 10.3 million** has been earmarked, including EUR 2.6 million for 2025, EUR 2.5 million annually for 2026 - 2028.

The priority direction "Security" also includes **EUR 53.2 million**, including EUR 10.1 million for 2025, EUR 14.8 million for 2026, EUR 14.6 million for 2027 and EUR 13.8 million for 2028 to strengthen the priority areas of the State Security Service and to ensure the functioning of the Constitution Protection Bureau.

EUR 50 million is earmarked for support to Ukraine in 2025 (according to the concluded agreement on military support), **EUR 65 million** - for the implementation of the 2025 measure plan for support to Ukrainian civilians in the Republic of Latvia, as well as **EUR 4.8 million** has been earmarked for the extension of the operating regime of the enhanced border protection system in 2025.

EUR 5.9 million, including EUR 1.5 million for 2025, EUR 1.4 million for 2026, EUR 1.5 million for 2027 and EUR 1.5 million for 2028 is earmarked for other priority security measures (ensuring the capacity of the Crisis Management Centre and ensuring business continuity of the Permanent Mission of the Republic of Latvia to the UN in New York).

Other measures

In addition to the priority measure "Security", the State Budget 2025 and the Budgetary Framework for 2025, 2026 and 2027 also foresee implementation of a range of other measures, and more than **EUR 166.8 million** has been allocated for this purpose (EUR 40.5 million for 2025,

EUR 43.3 million for 2026, EUR 40.8 million for 2027 and EUR 42.2 million for 2028). 72% of this amount or **EUR 120 million** (EUR 30 million annually) is provided for increase in teachers' remuneration, including teachers' salaries in line with updated number of schoolchildren. Funding is foreseen to ensure execution of the Judgement of the Constitutional Court and laws (support for increase in the minimum income, implementation and maintenance of the electronic monitoring system), as well as to strengthen the capacity of independent institutions and improve the security of IT systems.

For the purpose of funding of an measure related to the tax policy changes (subsidy to local governments for autonomous functions), resources **amounting to EUR 484.5 million** have been earmarked, including EUR 67.5 million for 2025, EUR 125.5 million for 2026, EUR 147.1 million for 2027 and EUR 144.4 million for 2028. It should be noted that this is a transfer transaction with no impact on the general government budget balance.

6.2 Fiscal rules

Latvia's fiscal policy is guided by three fiscal rules: (1) the structural balance rule of the FDL, (2) the EU structural primary balance rule, and (3) EU expenditure growth rule.

6.2.1 Fiscal structural balance condition

Under the Regulation, a Member State may use other fiscal rules in its national laws. According to the FDL, Latvia must note that general government structural deficit does not exceed 1.0% of GDP. It should be noted that, from 2013 until now, a lower permissible structural deficit of 0.5% of GDP was in force, but, with the new EU fiscal framework, this condition was relieved to approximate the requirements of the EU and Latvian fiscal rules. This was also because the EU's fiscal regulation gives countries with debt rate below 60% of GDP more freedom of action, balancing investment needs with fiscal discipline.

Table D. Targets of general government structural balance based on the structural balance rule of the FDL

	2025	2026	2027	2028
General government structural balance projection and targets, % of GDP	-1.0	-1.0	-1.0	-1.0

6.2.2 Structural primary balance rule

The structural primary balance rule is a new fiscal rule stemming from the new EU fiscal framework. It serves as an intermediate outcome, expressing the required amount of fiscal expansion or consolidation to ensure that the deficit does not exceed the limit of 3% of GDP by 2038. This is based on the assumption used in the EU methodology that, in case of unchanged policies, the structural primary balance remains unchanged over time. If the structural primary deficit in 2024 is higher than it should be in 2028, it must be gradually reduced through consolidation measures. Whereas, if it is lower in 2024 than it could afford to be in 2028, the state can pursue an expansive fiscal policy, but not exceeding the maximum permissible level in 2028.

As it was mentioned above, the EC provided Latvia with technical information indicating that Latvia's structural primary deficit should not exceed 1.3% of GDP in 2028. The technical information also pointed out that the EC forecast a structural primary deficit of 1.4% of GDP in 2024. The technical data submitted additionally showed this indicator with a higher degree of accuracy. Under the EU standard assumption, improvement in the structural primary deficit is

linear over the period 2025-2028. As a result, the general government's structural primary balance needs to be increased year-on-year as follows:

Table E. General government structural balance targets based on the EU structural primary balance rule

	2024	2025	2026	2027	2028
Structural primary balance target, % of GDP	-1.362	-1.342	-1.322	-1.302	-1.282

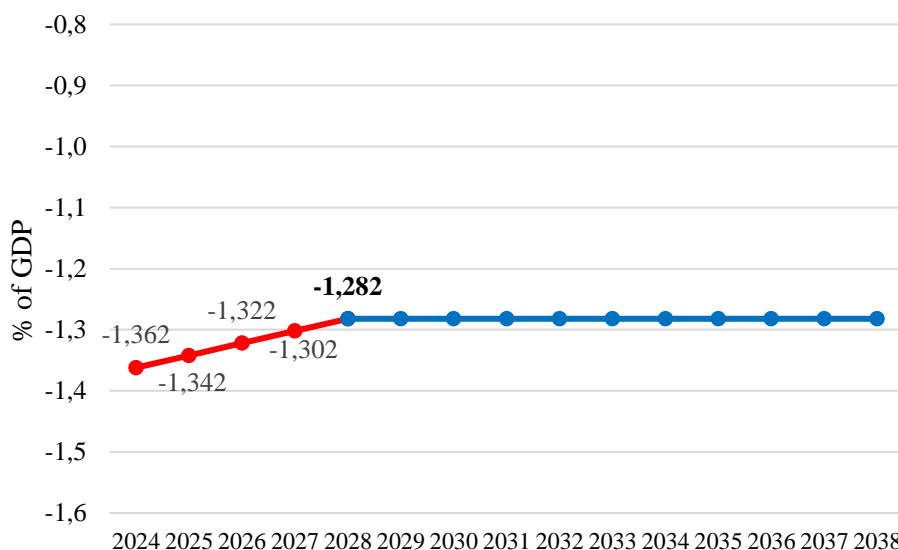


Figure 6.1. General government structural balance targets based on the EU structural primary balance rule, % of GDP

It should be noted that, in accordance with the most recent national forecast³, the structural primary deficit in 2024 is significantly lower than in the EC's spring 2024 forecast, where it was indicated at -0.789% of GDP. Also, the EC technical information and the Latvian forecasts show different levels of gross general government debt for 2024. Higher debt means higher interest payments both for 2024 and for the entire period until 2038. Whereas, this means: in order to ensure that the deficit does not exceed 3% of GDP over the entire period, the structural primary deficit in 2028 must be lower than 1.257% of GDP in the EC spring 2024 forecasts.

As it can be seen, the structural primary deficit in 2024 is below the permissible structural primary deficit in 2028. In this case, the Regulation does not set a profile for the structural primary deficit by year. This FSP maintains the structural primary balance profile in accordance with the EC technical information and is adjusted downwards only in 2028.

Table F. General government structural balance targets based on the EU structural primary balance rule

	2024	2025	2026	2027	2028
Structural primary balance target, % of GDP	-0.789	-1.342	-1.322	-1.302	-1.257

³ Macroeconomic forecasts were updated in June 2024, fiscal forecasts - in October 2024

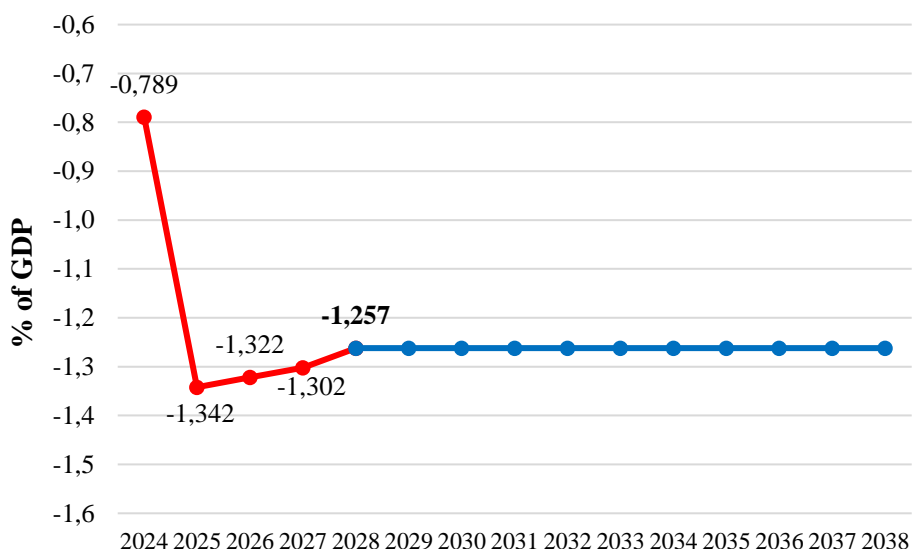


Figure 6.2. General government structural balance targets based on the EU structural primary balance rule, % of GDP

6.2.3 Net expenditure growth rule

The net expenditure growth rule or NNFPE expenditure trajectory is calculated using the structural primary balance trajectory depicted in Figure 6.2, and it coincides with the trajectory shown in Table 1a, Chapter 5, and it constitutes the **fiscal commitments** of the present plan.

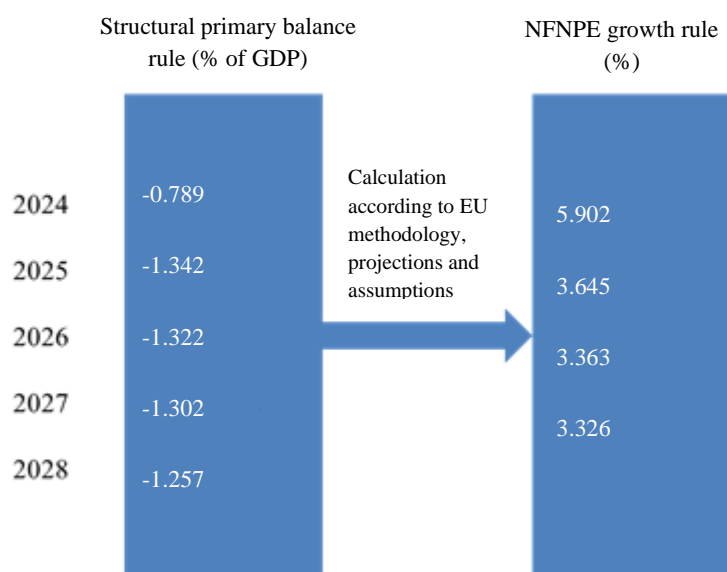


Figure 6.3. Link of the structural primary balance rule and increase in the NNFPE

6.2.4 Decisive fiscal condition

As it was already mentioned, Latvia's fiscal policy is developed to meet all three fiscal rules. If the structural balance rule of the FDL is not calibrated to the other two rules, it imposes different requirements on the permissible nominal deficit compared to the other two fiscal rules, one could think that the structural primary balance rule and the NNFPE growth rule would produce the same results with regard to the nominal deficit and other requirements, but this is not the case. Difference is in the forecasts used. If Latvia's macroeconomic and fiscal forecasts are used,

recalculation between the structural primary balance and the NNFPE/NNFPE would produce significantly different result, so these two fiscal rules become different rules leading to different requirements. Therefore, in order to determine the scope of the new policy measures, it is necessary to identify the prevailing fiscal rule every year. To do this, all three fiscal rules need to be expressed in a single indicator. For the purposes of this plan, the general government structural balance indicator is used.

Table G. General government structural balance in line with the EU structural primary balance target indicators

		2024	2025	2026	2027	2028
Structural primary balance target, % of GDP	(1)	-0.789	-1.342	-1.322	-1.302	-1.257
General government interest expenditure, % of GDP	(2)		1.2	1.4	1.5	1.5
One-off and other temporary measures, % of GDP	(3)		-1.7	-1.8	-1.7	-1.3
General government structural balance, % of GDP	(4)		-0.817	-0.923	-1.101	-1.456

Table H. General government structural balance in line with target indicators of the EU expenditure growth rule

		2024	2025	2026	2027	2028
Growth rate of net nationally financed primary expenditure (NNFPE/NNFPE), %	(1)		5.902	3.645	3.363	3.326
NNFPE level, EUR million	(2)	17,263	18,282	18,700	19,274	19,871
Discretionary revenue measures (DRM)	(3)	354.3	-16.5	-53.6	-43.0	-95.6
NNFPE level (with DRM), EUR million	(4)=(2)+(3)		18,265	18,647*	19,231	19,775
General government interest expenditure, EUR million	(6)		541	645	721	772
Cyclical elements of unemployment benefit expenditure, EUR million	(7)		8	6	-6	-25
Expenditure on EU programmes fully matching EU funds' revenue, EUR million	(8)		970	884	623	494
National co-financing on EU-funded programmes, EUR million	(9)		193	156	132	108
Total general government expenditure, EUR million	(10)=(4)+(6)+(7)+(8)+(9)		19,978	20,338	20,701	21,124
Total general government revenue, EUR million	(11)		18,428	19,050	19,451	19,969
General government budget balance, EUR million	(12)=(11)-(10)		-1,549.9	-1,287.6	-1,249.5	-1,155.2
GDP forecast, EUR million	(13)		44,379	46,836	49,349	51,851

		2024	2025	2026	2027	2028
General government budget balance, % of GDP	(14)=(12)/(13)*100		-3.492	-2.749	-2.532	-2.228
Cyclical component of the balance, % of GDP	(15)		-0.4	-0.2	-0.1	0.00
<i>One-off</i> and other temporary measures, % of GDP	(16)		-1.7	-1.8	-1.7	-1.3
General government structural balance targets, % of GDP	(17)=(14)-(15)-(16)		-1.318	-0.749	-0.792	-0.932

* - The level of the 2026 NNFPE is set taking into account the prevailing rule in 2025 - the EU structural primary balance rule, i.e., increase in NNFPE spending in 2025 is set at a level that meets the most stringent rule.

As it can be seen, in 2025, the structural primary balance rule prevails, but, in the following years, it is the growth of the NNFPE rule.

Table I. Prevailing fiscal condition

	2025	2026	2027	2028
FDL structural balance rule				
EU structural primary balance rule	X			
EU expenditure growth rule		X	X	X

6.3 Fiscal targets and forecasts under no-policy-change scenario for 2025 -2028

Taking into account the contents of Tables G, H and I, **the general government budget structural balance target that meets all three rules** is set as follows for 2025 -2028: **-0.817% of GDP in 2025, -0.749% of GDP in 2026, -0.792% of GDP in 2027 and -0.932% of GDP in 2028.**

This FSP contains the new policy measures which, combined with the fiscal indicators under unchanged policies, provide an insight into the forecasts of the country's main fiscal indicators in 2025 -2028.

Table J. Forecasts of key fiscal indicators

		2024	2025	2026	2027	2028
General government budget balance (under unchanged policies), % of GDP	(1)	-2.57	-2.99	-2.88	-2.57	-2.33
New policy measures, EUR million	(2)	0	0	60.7	20.5	53.6
Total general government revenue (under changed policies), EUR million	(3)	17,641	18,428	19,050	19,451	19,969
Total general government expenditure (under changed policies) with Fiscal Security Reserve, EUR million	(4)	18,717	19,755	20,338	20,701	21,124
General government budget balance (under changed policies), % of GDP	(5)=(1)+(2)	-2.57	-2.99	-2.75	-2.53	-2.23
<i>One-off</i> and other temporary measures, % of GDP	(6)	-1.7	-1.7	-1.8	-1.7	-1.3

		2024	2025	2026	2027	2028
Cyclical component of the balance, % of GDP	(7)	-0.7	-0.4	-0.2	-0.1	0.0
General government structural balance, % of GDP	(8)=(5)-(6)-(7)	-0.205	-0.817	-0.749	-0.792	-0.932
General government interest expenditure, EUR million	(9)	457	541	645	721	772
Cyclical elements of unemployment benefit expenditure, EUR million	(10)	13	8	6	-6	-25
Expenditure on EU programmes fully matching EU funds' revenue, EUR million	(11)	801	971	884	623	494
National co-financing on EU-funded programmes, EUR million	(12)	183	193	156	132	109
NNFPE level, EUR million	(13)=(4)-(9)-(10)-(11)-(12)	17,263	18,043	18,647	19,231	19,775
Discretionary revenue measures (DRM), EUR million	(14)	354.3	-16.5	-53.6	-43.0	-95.6
NNFPE level (with DRM), EUR million	(15)=- (13)+(14)	16,909	18,059	18,700	19,274	19,871
NNFPE growth (with DRM), %		9.096	4.612	3.645	3.363	3.326
NNFPE growth - fiscal commitments		9.096	5.902	3.645	3.363	3.326
GDP forecast, EUR million		41,894	44,379	46,836	49,349	51,851
Fiscal Security Reserve, % of GDP			0.1	0.1	0.1	0.1

As it can be seen, the package of measures contained in this FSP ensures compliance with the NNFPE commitments. As it can be seen, the DRM-adjusted NNFPE growth in 2025 is 4.6%, which is significantly lower than the permissible level of 5.9%. This is because the structural primary balance rule prevails in 2025, rather than the NNFPE growth rule. The reason, as it was analysed above, is the 2024 base effect. It should also be noted that Latvia reserves the right to increase expenditure during the budgetary execution by funding them using non-discretionary revenue, as they are immune to balance rules, but increase growth of the NNFPE. This option can be used if it is in line with the national legal framework for budget execution, and the option can be used up to a maximum of 5.9% increase in the NNFPE.

7. POLICY MEASURES

General government expenditure is determined both by the set of all measures financed from general government budgets under decisions taken up to the commencement of preparation of the 2025 budget and by the new measures decided within the context of the preparation of the 2025 budget and the medium-term budgetary framework. Given that Latvia is not obliged to perform significant reduction in the structural primary deficit during the period of 2025 -2028, a set of the new measures in fact generally offsets the fall in the real value of expenditure in the no-policy-change scenario, which, according to the Latvian methodology, implies a level of expenditure in line with the decisions taken. The new policy measures in fact indicate on reprogramming of real expenditure in favour of priority measures.

This chapter separately presents information on revenue measures - dividing them into three groups: (1) discretionary revenue measures adopted before the commencement of preparation of the 2025 budget; (2) the new discretionary revenue measures adopted within the framework of the budget preparation; and (3) non-discretionary revenue measures. This chapter also provides information on the new expenditure measures.

7.1 Discretionary revenue measures included in the no-policy-change scenario

Discretionary revenue measures adopted in previous years may have an impact on the permissible increase in the NNFPE in 2025 and beyond. Information on these measures is important to correctly determine how many measures of fiscal importance can be additionally financed without exceeding the permissible NNFPE rate.

Table 5. Expected impact of discretionary revenue measures

		Expenditure / revenue	ESA code	2023 % of GDP	2024 % of GDP	2025 % of GDP	2026 % of GDP	2027 % of GDP	2028 % of GDP
	Title/description of the measure								
1	Revenue from large CO ₂ emissions sales in 2018 (in 2018, Latvia sold emission rights that were granted retroactively following a Court decision. Moreover, the market price in 2018 was more than 3 times higher than before).	No	Revenue	D.7	-0.02	0.00	0.00	0.00	0.00
2	Increase in ED rates for all tobacco products and e-cigarette liquids	No	Revenue	D.21	0.01	0.00	0.00	0.00	0.00
3	Increase in NRT rates for waste removal, air pollution and category C polluting activities and abolition of CO ₂ emissions exemption for peat use in stationary technological plants	No	Revenue	D.29	0.01	0.00	0.00	0.00	0.00
4	Increase in revenue from dividend payments, from the JSC "Latvian State Forests" and electricity companies	No	Revenue	D.4	-0.03	-0.15	0.00	0.00	0.00
5	Increase in the intensity of tax relief for donors in the amount of up to 85% of the amount donated, but not exceeding 30% of the amount of CIT calculated on the dividends calculated.	No	Revenue	D.5	0.01	0.00	0.00	0.00	0.00
6	Increase in the exemption of non-taxable income for employees and pensioners in the amount of up to EUR 350/month from 01.01.2022 and up to EUR 500/month from 01.07.2022.	No	Revenue	D.5	-0.17	0.00	0.00	0.00	0.00
7	Increase in revenue from dividend payments, JSC "Latvian State Forests" 2021	No	Revenue	D.4	-0.06	0.00	0.00	0.00	0.00
8	Increase in revenue from dividend payments, JSC "Latvian State Forests" 2021	No	Revenue	D.5	-0.01	0.00	0.00	0.00	0.00
9	Exclusion of interest payments from the CIT taxable base in 2021 and 2022	No	Revenue	D.5	0.00	0.01	0.00	0.00	0.00
10	Suspension of effect of the "green" electricity component (CPC) for end-users from 1 September 2022 to 31 December 2025	No	Revenue	D.7	-0.01	0.00	0.00	0.00	0.00
11	Abolition of advance payments of PIT for self-employed from 2024	No	Revenue	D.5	0.00	-0.07	0.00	0.00	0.00
12	Changes in tax relief for donors - reduction of CIT by 85% of 75% of the amount donated is permitted, but not exceeding 30% (of 20%) of the calculated CIT on the calculated dividends.	No	Revenue	D.5	-0.01	0.00	0.00	0.00	0.00

	Title/description of the measure	One-off	Expenditure / revenue	ESA code	2023	2024	2025	2026	2027	2028
					% of GDP	% of GDP	% of GDP	% of GDP	% of GDP	% of GDP
13	Credit institutions and consumer credit service providers are required to pay annual 20% CIT on their profits for the year in question	No	Revenue	D.5	0.00	0.33	-0.16	-0.09	0.00	0.00
14	Increase in ED rates (for tobacco products, e-liquids, tobacco substitutes, alcoholic beverages and diesel and kerosene used in SEZs and free ports)	No	Revenue	D.21	0.00	0.05	0.08	0.07	0.00	0.00
15	Raising gambling tax rate	No	Revenue	D.21	0.00	0.02	-0.01	0.00	0.00	0.00
16	Revision of PIT relief and application of non-taxable relief	No	Revenue	D.5	0.00	-0.01	0.00	0.00	0.00	0.00
17	VAT registration threshold increase by EUR 50,000, transaction value threshold for lost debts by EUR 1,000, application of exemption for sports activities	No	Revenue	D.21	0.00	-0.01	0.00	0.00	0.00	0.00
18	NRT (changes to rates, new objects, abolition of tax relief)	No	Revenue	D.29	0.00	0.02	0.03	0.02	0.00	0.00
19	Increase in revenue from dividends 2024	No	Revenue	D.4	0.00	0.42	-0.32	0.19	0.00	0.00
20	Increase in revenue from dividend payments, JSC "Latvian State Forests" in 2024	No	Revenue	D.4	0.00	0.03	-0.03	0.00	0.00	0.00
21	PIT relief on amounts received as state or EU aid for agriculture and rural development will be abolished	No	Revenue	D.29	0.00	0.00	0.05	0.00	0.00	0.00
22	Ban on imports of certain agricultural and feed products from the Russian Federation and the Republic of Belarus (also from other third countries if the products originate in the Russian Federation or the Republic of Belarus).	No	Revenue	D.2	0.00	-0.01	0.01	0.00	0.00	0.00
23	Changes to ED	No	Revenue	D.21	0.00	0.02	0.00	0.00	0.00	0.00
24	Changes to VAT on fresh fruit and vegetables - reduced VAT rate to 12% in 2024 (for one year), standard rate to apply from 2025	No	Revenue	D.21	0.00	-0.04	0.04	0.00	0.00	0.00
25	Mortgagee protection fee due to interest rate increases	No	Revenue	D.7	0.00	0.23	-0.22	0.00	0.00	0.00
26	Raising the ceiling on the MSSIC	No	Revenue	D.61	0.00	0.00	0.04	0.00	0.00	0.00
	TOTAL				-0.29	0.85	-0.50	0.20	0.00	0.00

7.2 New measures

The new measures include discretionary and non-discretionary revenue measures and expenditure measures, including revenue and expenditure measures. Information is provided separately on measures adopted as part of the tax revision.

7.2.1 New discretionary revenue measures

Table K. Estimated impact of the new discretionary revenue measures

		One-off	Expenditure /revenue	ESA code	2025	2026	2027	2028
	Title/description of the measure				% of GDP	% of GDP	% of GDP	% of GDP
1	Solidarity contribution (banks), share of CIT	No	Revenue	D.5	0.00	-0.04	0.00	0.04
2	Solidarity contribution (banks)	No	Revenue	D.5	0.28	-0.07	0.01	-0.22
3	Increase in the NRT rate on coal, coke and lignite (brown coal)	No	Revenue	D.2	0.00	0.00	0.00	0.00
4	Increase in TEN rates and changes in payment term	No	Revenue	D.2	0.03	0.00	0.00	0.00
5	Increase in CCT rates	No	Revenue	D.2	0.00	0.00	0.01	0.00
6	Increase in lottery tax rate	No	Revenue	D.2	0.01	0.00	0.00	0.00
7	Increase in gambling tax rate	No	Revenue	D.2	0.00	0.00	0.02	0.00
8	Gradual increase in ED rates for fuel, including a CO ₂ component in the ED	No	Revenue	D.2	0.06	0.05	-0.10	-0.01
9	Gradual increase in ED rates for fuel, natural gas and petroleum gases used as heating fuel	No	Revenue	D.2	0.01	0.01	0.01	0.00
10	Abolition of relief from ED on petroleum products used in electricity generation and cogeneration	No	Revenue	D.2	0.00	0.00	0.00	0.00
11	Increase in ED rate for alcoholic beverages and beer	No	Revenue	D.2	0.00	0.00	0.01	0.00
12	Increase in ED rate for tobacco products and products similar in purpose of use	No	Revenue	D.2	0.00	0.00	0.02	-0.01
13	Increase in ED rate for non-alcoholic drinks with a sugar content of up to 8 g per 100 ml	No	Revenue	D.2	0.01	0.00	0.00	0.00
14	Gradual increase in ED rates for fuel, including a CO ₂ component in the ED	No	Revenue	D.2	0.01	0.01	-0.02	0.00
15	Gradual increase in ED rates for fuel, natural gas and petroleum gases used as heating fuel	No	Revenue	D.2	0.00	0.00	0.00	0.00
16	Increase in ED rate for alcoholic beverages and beer	No	Revenue	D.2	0.00	0.00	0.00	0.00

		One-off	Expenditure /revenue	ESA code	2025	2026	2027	2028
	Title/description of the measure				% of GDP	% of GDP	% of GDP	% of GDP
17	Increase in ED rate for tobacco products and products similar in purpose of use	No	Revenue	D.2	0.00	0.00	0.00	0.00
18	Increase in ED rate for non-alcoholic drinks with a sugar content of up to 8 g per 100 ml	No	Revenue	D.2	0.00	0.00	0.00	0.00
19	VAT rate of 12% on fresh fruit, berries and vegetables specific to Latvia continues to apply until the next assessment period	No	Revenue	D.2	-0.04	0.00	-0.01	0.00
20	Extension of the PIT relief for collective agreements	No	Revenue	D.61	-0.02	0.00	0.00	0.00
21	Increase in the PIT non-taxable amount of employer-provided funeral and childbirth allowances	No	Revenue	D.61	0.00	0.00	0.00	0.00
22	1% transfer from the funded pension scheme to the first tier	No	Revenue	D.61	0.35	0.00	0.00	0.00
23	Increasing the non-taxable minimum	No	Revenue	D.5	-1.01	-0.20	-0.04	0.03
24	Changes to PIT rates and income thresholds	No	Revenue	D.5	0.80	0.08	0.00	0.00
25	Increase in the non-taxable minimum for pensioners	No	Revenue	D.5	-0.27	-0.01	-0.01	-0.01
26	Additional 3% PIT rate on annual income (dividends, capital) exceeding EUR 200,000 when declaring annual income	No	Revenue	D.5	0.00	0.03	0.00	0.00
27	Continued relief of aid received by farmers from PIT (currently terminated until 31.12.2024)	No	Revenue	D.5	0.00	-0.05	0.00	0.00
28	Extension of the PIT relief for collective agreements	No	Revenue	D.5	-0.01	0.00	0.00	0.00
29	Increase in the PIT non-taxable amount of employer-provided funeral and childbirth allowances	No	Revenue	D.5	0.00	0.00	0.00	0.00
30	Increase in eligible expenditure of PIT for education and medical expenses, as well as donations due to the increase in the PIT rate	No	Revenue	D.5	0.00	-0.02	0.00	0.00
31	Upon transition to 25.5% basic rate, PIT rates on other income, currently subject to 20%, are aligned	No	Revenue	D.5	0.04	0.01	0.00	0.00
32	Raise dividends for state-owned companies to 70%	No	Revenue	D.4	0.00	0.01	0.00	0.00
33	Increase in revenue from dividend payments, JSC "Latvijas Loto"	No	Revenue	D.4	0.00	0.00	0.00	0.00
34	Increase in revenue from dividend payments, JSC "Latvenergo"	No	Revenue	D.4	0.04	-0.04	0.00	0.00
35	Increase in revenue from dividend payments, JSC "Latvian State Forests"	No	Revenue	D.4	0.10	-0.10	0.00	0.00
36	Revision of various fees	No	Revenue	P.11, P.12, P.13	0.02	0.00	0.00	0.00

		One-off	Expenditure /revenue	ESA code	2025	2026	2027	2028
	Title/description of the measure				% of GDP	% of GDP	% of GDP	% of GDP
37	Road user charge	No	Revenue	P.11, P.12, P.14	0.06	0.00	0.00	0.00
	TOTAL				0.46	-0.33	-0.09	-0.19

7.2.2 New non-discretionary revenue measures

Table L. Estimated impact of new non-discretionary revenue measures

		One-off	Expenditure/revenue	ESA code	2025	2026	2027	2028
	Title/description of the measure				% of GDP	% of GDP	% of GDP	% of GDP
1	Minimum wage increase	No	Revenue	D.5	0.01	0.01	0.00	0.00
2	Adjustment to the PIT ESA	No	Revenue	D.5	-0.06	0.05	0.01	0.00
3	Minimum wage increase	No	Revenue	D.61	0.02	0.01	0.01	0.01
4	Minimum wage increase	No	Revenue	D.2	0.01	0.00	0.00	0.00
5	Feedback effect of tax policy revision	No	Revenue	D.2	0.06	0.01	0.01	0.00
6	Proceeds from the disposal of confiscated proceeds of crime	No	Revenue	P.11, P.12, P.13	0.07	0.00	0.00	0.00
7	Feedback effects from changes in remuneration policy	No	Revenue	D.61	0.03	0.00	0.00	0.00
8	Feedback effects from changes in remuneration policy	No	Revenue	D.2	0.02	0.00	0.00	0.00
9	Dividends	No	Revenue	D.5	0.01	-0.01	0.00	0.00
10	Combating the shadow economy	No	Revenue	D.5	0.00	0.01	0.00	0.00
11	Combating the shadow economy	No	Revenue	D.61	0.00	0.00	0.00	0.00
12	Combating the shadow economy	No	Revenue	D.2	0.01	0.01	0.00	0.00
13	Combating the shadow economy	No	Revenue	D.2	0.00	0.00	0.00	0.00
14	Other measures	No	Revenue	D.2, D5, D.61, P.11, P.12, P.13	0.03	-0.02	0.00	0.00
	TOTAL				0.21	0.08	0.03	0.01

7.2.3 New expenditure measures

Table M. Estimated impact of new expenditure measures

	One-off	Expenditure/revenue	ESA code	2025	2026	2027	2028
Title/description of the measure				% of GDP	% of GDP	% of GDP	% of GDP
1 Priority actions related to national security, total	No	Expenditure		0.61	-0.17	0.05	-0.20
2 Strengthening the priority areas of operation of the State Security Service	No	Expenditure	D.1	0.01	0.01	0.00	0.00
3 Ensuring the operation of the Constitution Protection Bureau	No	Expenditure	D.1, P.2, D.62	0.01	0.00	0.00	0.00
4 Capacity building of the Crisis Management Centre (State Chancellery)	No	Expenditure	D.1	0.00	0.00	0.00	0.00
5 Strengthening the core functions of the Emergency Medical Service, including emergency preparedness	No	Expenditure	P.2	0.01	0.00	0.00	0.00
6 Ensuring the continuity of operation of the Permanent Mission of the Republic of Latvia to the UN in New York	No	Expenditure	D.1, P.2	0.00	0.00	0.00	0.00
7 Strengthening cybersecurity (horizontally) (from EU funds)	No	Expenditure	P.2, P.51g	0.03	0.00	-0.01	0.00
8 Support to Ukraine (under the Military Assistance Agreement)	No	Expenditure	D.7	0.11	-0.11	0.00	0.00
9 Improvement of the access road to the military firing ground "Sēlija" and reconstruction of the unit bridge in Daugavpils for the improvement of mobility (from EU funds)	No	Expenditure	P.51g	0.01	0.01	0.00	-0.02
10 Replenishment of ammunition stocks and provision of individual equipment	No	Expenditure	P.2	0.05	0.10	-0.03	-0.07
11 Purchase of additional radars for wind farm development	No	Expenditure	P.51g	0.03	0.00	0.00	-0.04
12 Purchase of additional radars for wind farm development	No	Expenditure	P.51g	-0.03	0.00	0.09	-0.06
13 Increase in remuneration of the officials of the interior services and the Prison Administration with special service ranks, as well as in remuneration of the employees of the State Revenue Service Tax and Customs Police Department by 10% and introduction of a new bonus for employment with the service (MoI, MoJ and SRS)	No	Expenditure	D.1	0.20	-0.01	-0.01	-0.01
14 Extension of the operating regime of the enhanced border protection system (74 th budget unit)	No	Expenditure	D.1, P.2	0.01	-0.01	0.00	0.00
15 Acquisition, updating and maintenance of state material reserves (horizontally MoI, MoF, MoT, MoW, MoJ, MoH)	No	Expenditure	P.2	0.01	0.00	0.00	0.00

	One-off	Expenditure/revenue	ESA code	2025	2026	2027	2028
Title/description of the measure				% of GDP	% of GDP	% of GDP	% of GDP
16	No	Expenditure	D.7	0.15	-0.15	0.00	0.00
17	No	Expenditure	P.2	0.01	0.00	0.00	0.00
18	No	Expenditure		0.10	-0.05	0.00	0.00
19	No	Expenditure	P.2, P.51g	0.05	0.00	0.00	0.00
20	No	Expenditure	P.2, D.62	0.04	-0.04	0.00	0.00
21	No	Expenditure	D.62	-0.03	-0.04	-0.01	-0.01
22	No	Expenditure	D.1, P.2, P.51g, D.7	0.00	0.00	-0.02	-0.02
23	No	Expenditure	D.62	0.03	0.04	0.03	0.03
24	No	Expenditure	D.1, P.2, D.7	-0.05	0.00	0.00	0.00
25	No	Expenditure	P.2	0.00	0.00	0.00	0.00
26	No	Expenditure	D.7	0.05	-0.01	0.00	0.00
27	No	Expenditure	P.2, P.51g	0.01	0.00	0.00	0.00
28	No	Expenditure	D.1, P.2, P.51g, D.7	-0.01	0.00	0.00	0.00
29	No	Expenditure	D.1	0.01	-0.01	0.00	0.00
30	No	Expenditure	D.1, P.2	0.01	0.00	-0.01	0.00
31	No	Expenditure	D.1, D.61, P.2	0.08	0.00	0.00	0.00
32	No	Expenditure		-0.33	0.02	0.01	-0.12
33	No	Expenditure	D.1	-0.01	0.00	0.00	0.00

	One-off	Expenditure/revenue	ESA code	2025	2026	2027	2028
Title/description of the measure				% of GDP	% of GDP	% of GDP	% of GDP
34	No	Expenditure	P.2	-0.11	0.01	0.01	0.00
Horizontal reduction in expenditure of ministries and other central institutions (% reduction in goods and services (11% to EUR 50 million) is used in the calculation)							
35	No	Expenditure	P.2, P.51g	-0.03	-0.01	0.01	0.02
Reprogramming of expenditure of core functions to EU funds							
36	No	Expenditure	D.1, P.2, P.51g	-0.05	0.05	0.00	-0.01
Reassessment of the effects of reclassified capital companies							
37	No	Expenditure	D.1, P.2, P.51g, D.7	0.03	-0.05	0.01	-0.13
Adjustment of the 74 th budget unit							
38	No	Expenditure	D.62	-0.04	0.04	0.00	0.00
Revision of expenditure in the special budget							
39	No	Expenditure	D.1, P.2, P.51g	-0.08	-0.01	-0.01	-0.01
Revision of general budget expenditure							
40	No	Expenditure	P.2	0.00	0.00	0.00	0.00
Party funding freeze							
41	No	Expenditure	D.7	-0.05	0.00	0.00	0.00
Contributions to the budget of the EU							
42	No	Expenditure		0.02	-0.01	0.00	0.00
Total expenditure related to revision of tax policy							
43	No	Expenditure	D.1	0.00	0.00	0.00	0.00
Increase in the minimum wage							
44	No	Expenditure	D.62	0.00	0.00	0.00	0.00
Working parents' allowance							
45	No	Expenditure	P.2, P.51g	0.14	-0.08	0.00	0.00
Revision of expenditure, total							
46	No	Expenditure	P.2, P.51g	0.10	-0.10	0.00	0.00
State aid for agriculture and rural development (financed from dividends of the JSC "Latvijas meži")							
47	No	Expenditure	P.2, P.51g	0.01	0.02	0.00	0.00
Expenditure in the MoF and SRS (financed by revenue from the fight against the shadow economy)							
48	No	Expenditure	P.2, P.51g	0.02	0.00	0.00	0.00
Other expenditure (financed by non-tax revenue)							
49	No	Expenditure	P.2, P.51g, D.7	0.02	0.00	-0.01	0.00
Other measures							
TOTAL				0.64	-0.29	0.04	-0.33

7.2.4 Tax revision package

Ensuring stable and predictable tax revenue in the budget to finance the government's priority security, social and economic measures is one of the most important aspects of quality of the public fiscal policy. Furthermore, it is essential to ensure competitiveness of the Latvia's tax system and link thereof to the state's overall development goals.

The medium-term tax policy revision scenario was conceptually supported at the meeting of the National Tripartite Council on 6 September 2024. In line with these agreements, the MoF prepared an informative report "On the Revision of the State Budget Revenue and Tax Policy 2025 - 2027", which was approved by the CoM on 19 September 2024 (Minutes No. 38/1§)⁴ and includes the changes described below.

1. The scenario for reducing the tax burden on labour force taxes provides for the following:

1.1. Revision of the system of the **PIT** rates and non-taxable minimum:

a. To replace the differential minimum with a uniform (fixed) non-taxable minimum applicable to all employees, regardless of gross income, setting it in the amount of EUR 510 per month from 2025, with further increases to EUR 550 per month from 2026 and EUR 570 per month from 2027;

b. To increase non-taxable minimum for pensioners from EUR 6,000 per year (EUR 500 per month) to EUR 12,000 euro per year (EUR 1,000 per month) in 2025;

c. In order to balance the non-taxable minimum with the PIT rates and simplify the labour force tax system, introduction of two-tier PIT rates is planned from 2025 - to set 25.5% PIT rate for annual income in the amount of up to EUR 105,300 per year (EUR 8,775 per month) and 33% for the part exceeding EUR 105,300 per year (EUR 8,775 per month), actually collected by paying the solidarity tax.

The proposed scenario simplifies the tax system and, by reducing labour force taxes, encourages private consumption and investments.

1.2. In order to compensate reduction in the state budget caused by the changes in labour force taxes, the CoM has approved a proposal to change the distribution of the Mandatory State Social Insurance Contributions (MSSIC) and to transfer 1 percentage point from the funded pension scheme (second tier) to the first tier of pensions, with 15% going to the first tier and 5% to the second tier, respectively. The solution is foreseen for a fixed period from 1 January 2025 to 31 December 2028.

1.3. In order to introduce greater progressivity for high-income earners, from 2025, an additional 3% rate is to be introduced for income (taxable income earned in the year of taxation, including income from capital gain and income from capital other than capital gain, and to dividends exempt from taxation, and liquidation quota) in the amount exceeding EUR 200,000 per year, subject to the annual income tax return being made on a recapitulative basis.

1.4. **Increase in the maximum amount of MSSIC and in the maximum amount of the object of voluntary insurance contribution** to 105,300 from 2025. The maximum amount of the object of the MSSIC and voluntary contributions was EUR 62,800 from 2019 to 2021 and EUR 78,100 from 2022 to 2024. The next update (recalculation) of the maximum amount of the object of MSSIC and voluntary insurance contributions will be necessary in 2027, when the maximum amount of the object of the MSSIC and voluntary contributions will be set for the next three-year period, i.e., for 2028, 2029 and 2030. The fiscal impact of the proposal is already included in the projections of the tax revenue base.

⁴ Informative Report "On the Revision of the State Budget Revenue and Tax Policy 2025 - 2027", available at: https://tapportals.mk.gov.lv/legal_acts/efd239f3-9bcd-4b5c-ae73-60750ace3d9d#

2. **As part of the tax policy revision, other measures have also been approved by the CoM, as listed below.**

2.1. **Reduced VAT rate** of 12% on fresh fruit, berries and vegetables will continue to apply.

2.2. The period for excluding amounts received as State aid for agriculture or EU aid for agriculture and rural development from PIT-taxable income has been extended until 2029, and exempt for other aid payments made by public bodies that are equivalent in substance and purpose has been set for this term.

2.3. In order to promote mobility of employees, the **relief for payments made by employer under collective agreements** for medical and catering expenses **is extended** from 2025 to relocation, accommodation and transport expenses, with a cap on the total amount of the exemption (the average number of employees multiplied by EUR 700 in a year of taxation).

2.4. In view of the substantial increase in the prices of various goods and services, the **amount of relief will be increased**: from 2025, the amount exempt from personal income tax for employer-provided childbirth and funeral allowances will be EUR 500, whereas, the amount of employer-provided gifts – EUR 100 in a year of taxation. Also, the amount of the personal income tax relief for prizes and money awards (bonuses) received in competitions and contests will be equalised from 2025, with a single exemption limit of EUR 1,500 per year.

2.5. Transition of the current PIT basic rate of 20% to 25.5% will increase the amounts of eligible expenses to be reimbursed, as well as the summary benefit of recovery of PIT eligible expenses will grow - for example, currently, when claiming for eligible expenses for education, medical services and donations, the maximum amount to be reimbursed from the budget per person totals EUR 120 per year (EUR 600 per year x 20%), whereas with the new basic rate of PIT, the maximum amount will reach EUR 153 per year (EUR 600 per year x 25.5%).

2.6. The procedure for applying **the micro-enterprise tax will be simplified** by clarifying the regulation and removing certain restrictions.

2.7. In 2025, a recipient of parental allowance who is employed and not on parental leave or generates income as self-employed while caring for a child will be paid parental allowance in the amount of 75% (currently 50%) of the amount of parental allowance granted, and, for other years, the amount will be determined after an assessment of the need to maintain the amount of 75%.

2.8. The period during which recipients of royalties can opt not to register as economic operators, but have the tax withheld at source by the disburser of income has been extended until 31 December 2027.

3. **The tax policy revision scenario also provides for a number of compensatory measures, listed below.**

3.1. In order to contribute to the EU's climate neutrality objectives, **ED rates for fuels will be gradually increased**, taking into account the CO₂ component of the fuel type concerned: In 2025 – EUR 10 per 1 tonne of CO₂, in 2026 – EUR 20 per 1 tonne of CO₂.

3.2. **Similarly, it is planned to gradually increase the excise duty rates for fuel, natural gas and petroleum gases used as heating fuel.** The ED rates for heating fuel have not been revised since 2021.

3.3. As natural gas used in electricity generation and cogeneration is not exempted from ED, it is planned to abolish the ED exemption for petroleum products used in electricity generation and cogeneration by setting the ED rate as for petroleum products used as heating fuel.

3.4. Besides, **increase in the ED rate for non-alcoholic beverages** with a sugar content of up to 8 g (excluding) per 100 ml from EUR 7.4 per 100 litres to EUR 11.0 per 100 litres is also planned from 2025.

3.5. From 2027, the **ED rate for alcoholic beverages**, including beer, is also set to **increase** further.

3.6. Further increase in ED rates for tobacco products and products similar in purpose of use is planned from 2027. A three-year schedule for increase in ED rate for tobacco products and products similar in purpose of use is currently in place covering the period of up to 2026, after which further increase in rates is planned **an average by 10 percent**.

3.7. Amendments to the Law on the Vehicle Operation Tax and CCT are also foreseen, providing for an increase in all vehicle operation tax rates by 10% on average from 2025, to set a deadline for payment of vehicle operation tax - 31 January of the year following the calendar year and an increase in CCT rates by 10% on average from 2027.

3.8. From 2025, the lottery tax rate is set to increase to 15% and the gambling fee for re-registering a gambling organisation license - to EUR 45,000 for each consecutive year. Whereas, from 2027, gambling tax rates are set to rise by 20%.

3.9. The rates of natural resources tax (NRT) on coal, coke and lignite will be increased to EUR 0.9 per GJ from 2025 and to EUR 1 per GJ from 2027.

3.10. The forecast of revenue from the disposal of confiscated proceeds of crime has been updated in line with the flow of documents received and the semi-annual revenue.

3.11. Alignment of PIT rate for other income. As the first PIT rate is increased from 20% to 25.5%, the PIT rate for other types of income is also increased to 25.5% to replace the current 20% PIT rate.

4. **The scenario also envisages an increase in the minimum wage** from EUR 700 to EUR 740 per month in 2025, to EUR 780 per month in 2026, to EUR 820 per month in 2027, but in 2028 - to EUR 860 per month, as agreed with the social partners.

The necessary changes are expected to be pushed through in the package of draft laws accompanying the “Draft Law On the State Budget 2025 and the Budgetary Framework for 2025, 2026 and 2027”.

7.2.5 Overall impact of the new measures

The overall impact of the new measures is detailed in Tables K, L and M. The new measures will be implemented within the framework of the “Law On the State Budget 2025 and the Budgetary Framework for 2025, 2026 and 2027” or the accompanying laws thereof.

Table 6. Indicative revenue and expenditure measures envisaged in the plan

	Title/description of the measure	Planned date of implementation
1	Revision of the state budget revenue and tax policy 2025 -2027 ⁵ .	From 01.01.2025
2	Priority measures for 2025, 2026, 2027 and 2028 ⁶ .	From 01.01.2025

⁵ Informative Report “On the Revision of the State Budget Revenue and Tax Policy 2025 - 2027”, available at: https://tapportals.mk.gov.lv/legal_acts/efd239f3-9bcd-4b5c-ae73-60750ace3d9d#

⁶ Informative Report “On the Priority Actions to be included in the Draft Law On the State Budget 2025, 2026, 2027 and 2028”, available at: https://tapportals.mk.gov.lv/legal_acts/4b64813a-3464-47ab-b910-33b059e7f284

8. LONG-TERM PUBLIC DEBT PROJECTIONS

One indicator of responsible fiscal policy is long-term debt projections. In order to analyse whether the long-term debt projections remain below 60% of GDP according to the MoF assumptions, a stochastic and deterministic analysis of general government debt is carried out, assessing the evolution of debt until 2038. 2024 For the period from 2028, more up-to-date general government debt projections of the MoF are used, whereas, for the remaining 10 years, general government debt projections have been determined according to the methodology described in *the Debt Sustainability Report*⁷, adjusting it to the values of the variables projected by the MoF.

The stochastic debt projections of the general government are presented in Figure 8.1, while the deterministic debt projections are presented in Figure 2.2. General government debt is projected to peak in 2027, when it will reach 50.1% of GDP. In the long term, the debt amount will gradually decline towards 40% of GDP in 2038 with a 50% probability. According to the results of the stochastic debt analysis, the debt amount in 2038 will be just above 50% of GDP with a 70% probability. Favourable debt dynamics are driven by a higher growth rate compared to the effective interest rate. The so-called snowball effect occurs⁸. In its *Debt Sustainability Report*, the EC also assesses Latvia as being at low risk of fiscal and debt sustainability in the short, medium and long term.

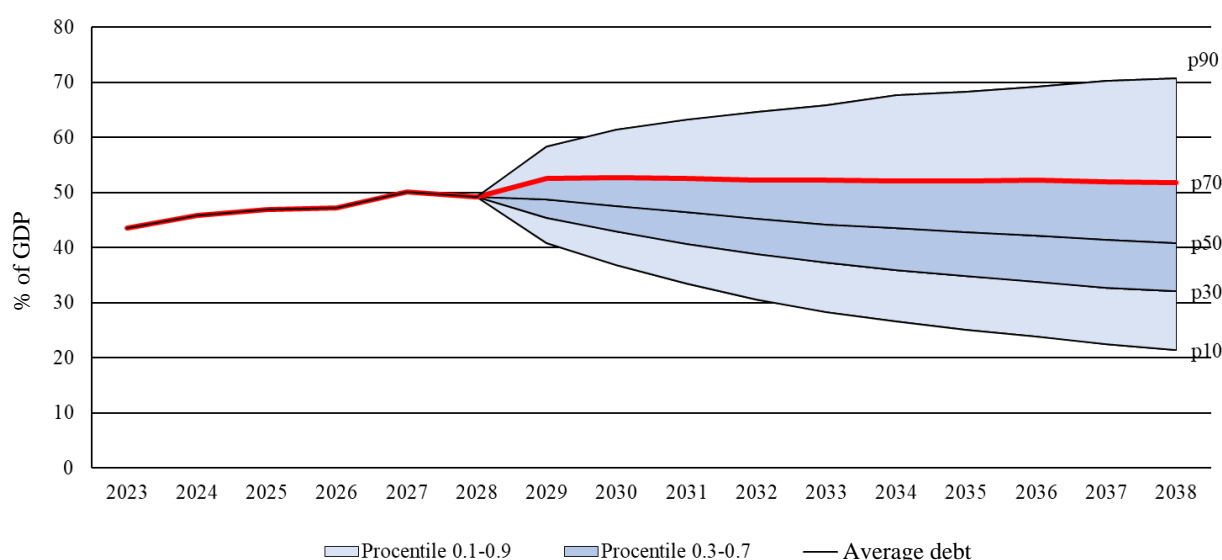


Figure 8.1. Stochastic projections of general government debt to 2038, % of GDP

⁷ Debt Sustainability Report 2023, available at: https://economy-finance.ec.europa.eu/publications/debt-sustainability-monitor-2023_en?prefLang=lv

⁸ The public debt snowball effect occurs when there is a difference between the effective interest rate and the growth rate of the economy, i.e., if the effective interest rate is higher (lower) than the growth rate of the economy, then, with a constant primary budget balance, public debt automatically increases (decreases).

9. REFORMS AND INVESTMENTS

9.1 Reform and investment measures

Chapter 9 and Table 9 of the Latvian FSP contain information on measures, reforms and investments that are being implemented to meet the country-specific recommendations of Member States of the EU Council for Latvia and common EU priorities in the 2019-2024 period. Table 9 shows details of all measures, reforms and investments, as well as how they relate, where relevant, to the EU's multiannual budget for 2021 -2027, Latvia's RRF plan, the European Pillar of Social Rights and the UN Sustainable Development Goals (SDGs). This chapter contains a summary of the measures listed in Table 9.

In view of country-specific recommendations of the Member States of the EU Council for Latvia and common EU priorities in the 2019 -2024 period, the implementation of measures, reforms and investments in the structural part of Latvia's FSP is taking place in the following **policy areas**:

1. tax policy;
2. social protection and security;
3. healthcare;
4. education and skills (quality education; green skills development; digital skills development);
5. employment policy;
6. business environment;
7. investment promotion;
8. energy and energy efficiency;
9. affordable housing;
10. sustainability of transport;
11. digital infrastructure;
12. transition to a circular economy;
13. public administration efficiency;
14. other reforms and investments aimed at the implementation of common EU priorities (just green and digital transition; social and economic resilience, incl. European Pillar of Social Rights; Energy Security (reforms and investments are reflected in the section on direction of energy and energy efficiency); Defence Capacity Building).

Below is a summary of the measures included in each of the above policy areas.

9.1.1 Tax policy

The main tax policy measures are aimed at reducing the tax burden on low- and middle-wage earners, shifting the tax burden towards capital and indirect taxes, and improving tax payment and compliance (digitisation of financial documents, cross-border cooperation, improving SRS customer service, improving e-customs, modernising the annual income declaration, improving SRS analytical solutions, etc.).

9 Table. Reforms and investments, policy area: tax policy

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
<i>Policy Area - Tax Policy</i>										
Reducing the tax burden on low income earners	Increasing disposable income for low and middle income earners.	Changes approved by the CoM: - Replacing the differential non-taxable minimum with a single (fixed) non-taxable minimum applicable for all employees, regardless of gross income, by setting it at 510 EUR per month from 2025, and further raising the non-taxable minimum to 550 EUR per month from 2026 and to 570 EUR per month from 2027. - From 2025, setting a 25.5% PIT rate for annual income of up to 105,300 EUR and 33% on the part of annual income exceeding 105,300 EUR that is actually collected through the solidarity tax. - Raising the pensioner's non-taxable minimum from 500 to 1,000 EUR per month from 2025. - Annual increase in the minimum monthly wage.	2025-2027	State budget	MoF		2019(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market; Fair working conditions	1 Poverty alleviated; 8 Decent work and economic growth; 10 Reduced inequality

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
<i>Policy Area - Tax Policy</i>										
Shifting the tax burden towards capital and property taxes	Reducing the tax burden on labour force by shifting it to other sources that are less harmful to growth.	<p>Changes approved by the CoM:</p> <ul style="list-style-type: none"> - From 2025, introduction of an additional 3% PIT rate for income (PIT taxable income earned in the year of taxation (including income from capital gain and income from capital other than capital gain) and PIT exempt dividends and liquidation quota) above 200,000 EUR per year when declaring income. - From 2025 - increase in ED rates on fuel, natural gas, petroleum gases, non-alcoholic beverages with a sugar content of up to 8 g (excluded) per 100 ml, alcoholic beverages, tobacco products, heated tobacco, tobacco leaves, liquids used in electronic smoking devices and tobacco substitute products, abolition of ED exemption on oil products used in electricity generation and cogeneration. - From 2025 - increase in vehicle operation tax, CCT, lottery tax, gambling fee for re-registering a gambling organisation license, and NRT. 	2025-2027	State budget	MoF		2019(1); 2022(1); 2023(1); 2024(1)			

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
<i>Policy Area - Tax Policy</i>										
		<p>- From 2025, aligning the PIT rates for other income (not subject to progressive PIT rates) from 20% to 25.5% (including income from capital, capital gain, dividends, which were already subject to PIT);</p> <p>- From 2027 - increase in gambling tax rates.</p>								
Improving tax payment and compliance (Development of digital services enhancing cross-border tax cooperation)	Ensure technical upgrading of the international data exchange modules to enable the processing and exchange of data with EU Member States for the enforcement of EU laws and regulations.	Upgrades are planned with regard to: EU data production system; a module for processing VAT refund applications and decisions and exchanging data with other EU Member States; and a module for exchanging data on the registration of persons involved in the movement of excise goods, together forming the EU Tax Data Exchange Information System.	2022 - Q3 2026	1.68 million EUR (RRF) 0.35 million EUR (state budget)	MoF/SRS	RRF	2019(1)			
Improving tax payment and compliance (digitisation of circulation of financial documents through the creation of a centralised financial document exchange hub)	Implement introduction of the electronic circulation system of supporting documents (e-invoices) in Latvia to determine the use of e-invoices in the B2B (Business to Business) segment in structured electronic form a mandatory requirement.	The plans include establishment of: centrally managed sectoral datasets; centralised functions and shared services; modernised ICT solutions for governance processes.	2023 - Q3 2026	1.68 million EUR (RRF) 0.35 million EUR (state budget)	MoF/SRS	RRF	2019(1)			

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
<i>Policy Area - Tax Policy</i>										
Improving tax payment and compliance (Tax Service Automation Round 2)	Reduce the administrative burden on businesses and other recipients of SRS tax services by digitising and simplifying services, ensuring faster execution of processes and decision-making, making more complete and better quality data available to service recipients, facilitating stable data flows between institutions and promoting a modern, customer-oriented and open public administration.	It is planned to make changes to the SRS information systems to simplify the submission of tax returns, ensure faster processing of data and refund of tax overpayments, and introduce automated solutions to facilitate tax payment.	2025 - 2028	3 million EUR (ERDF)	MoF/SRS	MFF	2019(1)			
Improving tax payment and compliance (development of the SRS customer self-service environment)	Develop a convenient self-service environment for SRS customers by creating mutually integrated, customer-oriented and data-driven SRS processes to create a productive working environment for the receipt and delivery of digital services and to ensure a seamless and personalised cooperation with the customer in a multi-channel, customer value-oriented mode.	The plan is to create a single digital service ecosystem as a complementary self-service platform supported by intelligent services, automation and data analytics solutions.	2025 - 2028	1.5 million EUR (ERDF)	MoF/SRS	MFF	2019(1)			
Improving tax payment and compliance	Continue the technical upgrading of the information systems	Technical upgrading of information systems is planned.	2025 - 2028	0.99 million EUR (ERDF)	MoF/SRS	MFF	2019(1)			

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Tax Policy										
(Development of digital services enhancing cross-border tax cooperation, Round 2)	identified by the analysis to be upgraded, ensuring a technologically and economically sound, efficient architecture to enable the processing and exchange of data with EU Member States for the execution of EU laws and regulations.									
Improving tax payment and compliance (E-customs (Round 3))	1 Ensure the participation of Latvian businesses in EU external trade by reducing administrative burden and increasing the competitiveness of EU traders in the common market; 2 Improve the efficiency of existing customs processes and procedures, thus speeding up and simplifying dealing with customs formalities for traders.	The plan is to create a Single Window environment for customs at EU level, thereby reducing the disparity between customs and non-customs formalities, which creates complex and burdensome obligations and additional costs for businesses.	2025 - 2028	11 million EUR (ERDF)	MoF/SRS	MFF	2019(1)			
Improving tax payment and compliance (Modernising the Annual Income Declaration)	Implement migration of the AID (Annual Income Declaration) functionality to the Payment Administration Information System and related information systems (Data Warehouse System and EDS) and build a new, modernised risk-based	Modernise the AID acceptance and processing process, thus ensuring a superior usability service for taxpayers in the EDS where AIDs are submitted and automated AID processing in the Payment Administration Information System and making the calculation of	2023 - Q3 2027	7 million EUR (state budget)	MoF/SRS		2019(1)			

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
<i>Policy Area - Tax Policy</i>										
	AID analysis system, ensuring that the AID acceptance and processing processes are performed in modern and data security compliant information systems and with a higher degree of automation and efficiency.	the amount of the PIT more efficient using the SAP HANA solution which is at the disposal of the SRS. The modernisation provides a new approach to AID processing based on data localisation principles. The modernisation will harmonise the set of ICT solutions involved in the AID acceptance and processing process, reducing systemic barriers to simpler, more transparent tax administration and strengthening the ability to adapt to legislative changes. At the same time, continuity of processes will be ensured without increasing the administrative burden for taxpayers or the SRS.								
Improving tax payment and compliance (improving SRS analytical solutions for data-driven decision-making)	Integrating new analysis objects into a single analytics solution by connecting new data sources to provide comprehensive information on the tax payment and customs clearance processes to further digitise these processes and improve efficiency.	It is planned to provide support the tax compliance processes, to check the quality of the inter-transaction information with maximum information recognition and linking to the taxpayer, functional extensions of the implemented solutions based on new data sources or on the analysis of	2024 - 2028	1.8 million EUR (state budget)	MoF/SRS		2019(1)			

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
<i>Policy Area - Tax Policy</i>										
		existing data in other data cross-sections.								

9.1.2 Social protection and security

The measures included in this policy area focus mainly on improving minimum income, support for pensioners and people with disabilities, the development of social work, support for children in out-of-family care after reaching the age of majority, and the introduction of a minimum basket of social services.

9 Table. Reforms and investments, policy area: social protection and security

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Social Protection and Security										
Improving minimum income	Increasing the adequacy of social protection by reducing the share of persons below threshold of income of poor household to 11% in 2027	Raise the minimum income threshold from 20% to 22%, with a corresponding increase in the amounts of the related benefits and remunerations	Amendments to laws and regulations - in 2024, implementation from 1 January 2025, open-ended measure	"Funding included in the Draft Law On the State Budget 2025 and the Budgetary Framework for 2025, 2026, 2027:			Improving minimum income	Increasing the adequacy of social protection by reducing the share of persons below threshold of income of poor household to 11% in 2027	Raise the minimum income threshold from 20% to 22%, with a corresponding increase in the amounts of the related benefits and remunerations	Amendments to laws and regulations - in 2024, implementation from 1 January 2025, open-ended measure
Support for pensioners	Increasing the adequacy of social protection by reducing the poverty risk index for people aged 65 and over to 40% in 2027	Gradual granting of supplementary payments for insurance period accumulated up to 31 December 1995. Renewal of the supplementary payment is based on the years of granting of pension. In 2024, they were granted to people who retired in 2012, 2013 and 2014 (in the amount of 1.52 EUR for each year). In 2025, the supplementary payment will be granted to people who retired in	From 1 January 2024, open-ended measure	State budget funding: In 2024 - 14.5 million EUR in 2025 - 30.1 million EUR in 2026 - 51.5 million EUR	MoW		2019(2); 2020(2); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	1 Poverty alleviated

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Social Protection and Security										
		2015, 2016 and 2017; in 2026 - to people who retired in 2018, 2019 and 2020; in 2027 - to people who retired in 2021, 2022 and 2023; in 2028 - to people who will retire in 2024, 2025 and 2026; in 2029 - to people who will retire in 2027, 2028 and 2029. From 2029, a supplementary payment will be granted at the same time as the pension. The amount of the supplementary payment is indexed annually, similarly as pensions.								
	Improving the pension indexation mechanism by reducing the poverty risk index for persons aged 65 and over to 40% in 2027	1) Increase in the indexable part (limit) of pensions from 50% of the nationwide average wage subject to insurance contributions to 100% of the average wage subject to	From 1 January 2025, open-ended measure	Funding included in the Draft Law On the State Budget 2025 and the Budget Framework for 2025, 2026, 2027:	MoW		2019(2); 2020(2); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	1 Poverty alleviated

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Social Protection and Security										
		insurance contributions. 2) Indexation of the full amount of pension for persons who have been granted an old-age pension before reaching the general retirement age because of the care and upbringing of a disabled child or because of the care and upbringing of five or more children, regardless of the amount of the pension.		In 2025 - 5,789,737 EUR In 2026 - 27,559,157 EUR In 2027 - 44,638,195 EUR In 2028 - 60,894,953 EUR						
	Provision of long-term care services to 16% of adults receiving family-like services in a municipal long-term social care institution, % of the total number of adults in long-term social care institutions in municipalities, in 2027	Construction of buildings and provision of new places for receipt of family-like long-term care service for 852 persons of pension age.	2024 - 30 June 2026	RRF funding - 68,753,017 EUR.	MoW/ municipalities/ social service providers	RRF	2019(2); 2020(2); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	1 Poverty alleviated

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Social Protection and Security										
Support for people with disabilities	Improving material support for people with disabilities	For review of financial support to mitigate the effects of disability 1) increase in the supplementary payment to the family state allowance; 2) increase in the special care allowance for adults since childhood.	From 1 January 2024, open-ended measure	State budget funding 1) In 2024 and onwards - 5,448,626 EUR; 2) In 2024 and onwards - 3,186,000 EUR.	MoW		2019(2); 2020(2); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	1 Poverty alleviated
	Measures for accessibility to state and municipal buildings (63 buildings)	Within the framework of the RRF 3.1.2.1.i Round 1 investments (CoM Regulation No. 582 of 20.09.2023), by 31 March 2022 - selection of the state and municipal buildings to be subject to environmental adaptations; - by 30 June 2024 - award of contracts to provide access to public spaces in state and municipal buildings; - by 30 June 2026 - completion of construction to	2022-2026 Half-year I	RRF funding - 9,758,196 EUR, state budget funding (VAT) 422 855 EUR	MoW	RRF		2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	9 Manufacturing, innovations and infrastructure; 10 Reduced inequality

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Social Protection and Security										
		provide access to public spaces in 63 state and municipal buildings.								
Development of professional and modern social work	Increase public trust in social services	12.12.2023 CoM Regulation No. 751 of 12.12.2023 1) Development of professional competence, including the development and implementation of professional further education programmes and professional development education programmes, development and implementation of higher education programmes, as well as the provision of supervision; 2) Development of methodologies for working with different client groups, as well as the development and implementation of training programmes for	1 September 2022 - 31 December 2029	The total eligible funding available for the action is 12,470,000 EUR, including ESF+ funding of 10,599,500 EUR and state budget funding of 1,870,500 EUR	MoW	MFF	2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market; Fair working conditions; Social protection and inclusion	4 Quality education; 8 Decent work and economic growth;

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Social Protection and Security										
		<p>mastering these methodologies; 3) Implementation of information and education activities and public awareness and information raising actions; 4) Assessment of the effectiveness of the work of social area specialists in municipal institutions, including public trust in municipal social services, working conditions of social workers, remuneration system and social work practices, as well as <i>ex-post</i> assessment of the results of the Action 4.3.5.4 and the current needs and challenges of social service clients for the further development of social work (indicative cost 527,500 EUR)</p>								

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Social Protection and Security										
Support for a child in out-of-family care after reaching the age of majority	Provide targeted municipal and state support and services that make the transition to independent living more gentle, guarantee the presence of a contiguous, safe and supportive adult and provide additional support to accept and adapt to the new situation	1) Assessment of the needs and resources of an orphan and a child left without parental care after the end of out-of-family care and an adoptee whose adoption has been annulled by a court decision and granting of support action(s): a) social mentoring service; b) support groups for the acquisition of various social and practical skills necessary to start independent life; c) financial literacy allowance.	4 May 2024, open-ended action	State budget funding: 1) for 2024 - 94 560 EUR 2) for 2025 and onwards - 2,517,962 EUR	MoW		2020(2); 2021(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	1 Poverty alleviated; 10 Reduced inequality

9.1.3 Healthcare

The measures included in the direction of healthcare policy focus mainly on achieving the five main objectives, which are also in line with the specific recommendations of the Member States of the EU Council for Latvia:

- increase funding for healthcare;
- improve access to healthcare;
- improve access to medicines;
- improve the quality of healthcare and the cost-effectiveness of the healthcare system;
- improve the quantity, efficiency and quality of healthcare personnel necessary for the healthcare system.

It is planned to **increase public funding for healthcare** to reach 6% of GDP in 2027 (in line with the Public Health Guidelines 2021-2027), to develop a dynamic financing model for reimbursed medicines to ensure additional funding for healthcare which is channelled to new state funded services, improvement of access to existing services and review of inefficient tariffs for existing services.

To improve **access to health care**, the FSP of Latvia foresees a number of measures including strengthening human resources in the healthcare sector, improving healthcare services in oncology, mental health, maternal and child health, cardiovascular diseases, rare diseases and addiction treatment. It is also planned to improve the infrastructure of treatment institutions and healthcare.

For improved access to medicines, it is planned to review the conditions for reimbursement of medicines included in the list of reimbursed medicines, supplement the list of reimbursed medicines with new cost-effective medicines, improve the procedure for prescribing reimbursed medicines by improving accessibility and reducing bureaucracy for receipt of reimbursed medicines, assess the possibility of setting the maximum permissible total co-payment to patient for prescription medicines and stipulate that retail prices of reimbursed medicines do not exceed those in Estonia and Lithuania.

In terms of improving **the quality of healthcare and the cost-effectiveness of the healthcare system**, it is planned to strengthen primary healthcare, develop the hospital network, work to limit the spread of various infectious diseases, establish a methodological management body in priority healthcare areas (oncology, psychiatry, child psychiatry, traumatology, paediatrics, cardiology and family medicine), improve patient safety and the quality of care, develop the digitisation of the health sector and ensure effective data- and technology-driven healthcare management, support the evaluation and improvement of the quality and accessibility of secondary outpatient care, develop a model for the delivery of person-centred, comprehensive and integrated healthcare, support the introduction of a human resources development system for healthcare and implement other measures.

In order to improve the **quantity, efficiency and quality of the healthcare personnel needed for the healthcare system**, it is planned to improve human resources planning, education system, working environment and to increase the remuneration of employees of this particular sector, improve educational opportunities, including by improving access to further training, to attract and retain qualified staff in the state funded health services sector, especially in hospitals, and to implement other measures aimed at development and improvement of human resources of healthcare sector.

9 Table. Reforms and investments, policy area: Healthcare

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
Improvement of healthcare services in oncology	Improvement of access to healthcare	1 Implementation of the plan "Regarding Plan for the Improvement of Healthcare Services in Oncology 2022-2024"	by 2025	1 Additional funding in 2024 according to the "Law On the State Budget 2024 and the Budgetary Framework for 2024, 2025 and 2026" and taking into account the CoM decision No. 883 of 12 December 2023 (Minutes No. 61, §50) - 9,595,499 EUR (including additional onco actions not included in the plan) (9,654,203 EUR for 2025, 9,762,116 EUR for 2026).	MoH	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Improvement of healthcare in the area of mental health		Implementation of the "Plan for Improvement of the Organisation of Mental Healthcare 2023-2025"	by 2025	Additional funding in 2024 according to the "Law On the State Budget 2024 and the Budgetary Framework for 2024, 2025 and 2026" and taking into account the CoM decision No. 883 of 12 December 2023 (Minutes No. 61, §50) - 353,029 EUR (442,630 EUR per year in 2025 and thereafter).	MoH		2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Improvement of healthcare services for rare diseases		Implementation of the "Plan for Rare Diseases 2023-2025"	by 2025	Additional funding in 2024 according to the "Law On the State Budget 2024 and the Budgetary Framework for 2024, 2025 and 2026" and taking into account the CoM decision No. 883 of 12 December 2023 (Minutes No. 61, §50) - 594,282 EUR (594,282 EUR per year in 2025 and thereafter).	MoH		2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Improvement of healthcare services for addiction treatment		Implementation of the "Plan for the Improvement of Preventive Actions and Healthcare Services for Reduction of the Prevalence of Alcohol and Drug Abuse 2023-2025"	by 2025	Additional funding in 2024 according to the "Law On the State Budget 2024 and the Budgetary Framework for 2024, 2025 and 2026" and taking into account the CoM decision No. 883 of 12 December 2023 (Minutes No. 61, §50) - 427,401 EUR (850,091 EUR per year in 2025 and thereafter).	MoH		2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
Development of infrastructure for treatment facilities		1 Implementation of action 4.1.1.1 "Developing the Infrastructure of Medical Institutions" and action 4.1.1.5 "Development of the Emergency Medical Service" of the EU Cohesion Policy Programme 2021-2027: 1.1 Development of regulatory framework 1.2 Project implementation 2 Implementation of action 4.1.1.2 "Development of Infrastructure of the P. Stradiņš Clinical University Hospital" of the EU Cohesion Policy Programme 2021-2027: 2.1 Development of regulatory framework 2.2 Project implementation 3 Implementation of action 4.1.1.3 "Strengthening of the Role of Primary Healthcare Through the Development of Infrastructure" of the EU Cohesion Policy Programme 2021-2027: 3.1 Development of regulatory framework 3.2 Project implementation	1.1 2023 1.2 2024-2029 2.1 2025 2.2 2024-2027 3.1 2024 3.2 2024-2027	Total funding amounts to 295,972,101 EUR, including ERDF funding in the amount of 251,576,283 EUR, and national public funding amounts to 44,395,818 EUR.	MoH	X	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Investment 4.1.1.2.i. Support for strengthening the healthcare		1 Harmonise medical technologies in 10 projects supporting the healthcare infrastructure of university and regional hospitals.	2022 - 2026	180,894,999 EUR (including RRF funding of 149,500,000 EUR, state budget not exceeding 28,895,698 EUR).	MoH / CFCA / Hospitals	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European	Social protection and inclusion	3 Good health and welfare

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
infrastructure of university and regional hospitals to provide comprehensive sustainable integrated health services, reduce the spread of infectious diseases, meet epidemiological requirements		2 Ensure implementation of RRF projects in 10 hospitals (3 university and 7 regional hospitals) to strengthen healthcare infrastructure, provide comprehensive sustainable integrated healthcare services, reduce the spread of infectious diseases, meet epidemiological requirements						Pillar of Social Rights		
Investment 4.1.1.3.i. Support for strengthening of the healthcare infrastructure of secondary outpatient service providers to provide comprehensive sustainable integrated health services, reduce the spread of infectious diseases, meet epidemiological requirements		Ensure the implementation of RRF projects in at least 40 treatment institutions for state-funded secondary outpatient healthcare service provision to strengthen the healthcare service delivery infrastructure of secondary outpatient service providers.	2023 - 2026	10,285,000 EUR (including RRF funding of 8,500,000 EUR, state budget not exceeding 109,844 EUR).	MoH / CFCA / Treatment institutions for secondary outpatient healthcare service provision.	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
Improvement of affordability of medicines	Improve affordability of medicines	1 Revised conditions for reimbursement of medicines included in the list of reimbursed medicines, the list of reimbursed medicines is supplemented by new cost-effective medicines. 2 Improved procedure for prescription of reimbursed medicines through the improvement of accessibility and reduction of bureaucracy in obtaining compensated medicines. 3 An assessment has been made of the possibility of setting a maximum total co-payment made to a patient for prescription medicines. 4 Retail prices of reimbursable medicines have been limited to the prices in Estonia and Lithuania.	1 Permanently 2, 3, 4 2024	1, 2, 3, 4 Additional funding in 2024 according to the "Law On the State Budget 2024 and the Budgetary Framework for 2024, 2025 and 2026" and taking into account CoM decision No. 371 of 14 May 2024 (Minutes No. 20, §30) and CoM decision No. 234 of 26 March 2024 (Minutes No. 13, §53), (Minutes No. 61, §50) - 32,328,106 EUR (34,305,238 EUR in 2025, 36,318,152 EUR in 2026).	MoH		2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Strengthening primary health care	Improve the healthcare quality and cost-effectiveness of the healthcare system	Implementation of the actions included in the Informative Report "Regarding Strengthening of Primary Healthcare" (24-TA-922), adopted by the CoM on 23.05.2024.	2024-2027	Additional funding in 2024 according to the "Law On the State Budget for 2024 and the Budgetary Framework for 2024, 2025 and 2026" and taking into account CoM decision No. 398 of 22 May 2024 (Minutes No. 21, §40) - 4,057,079 EUR (7,137,530 EUR in 2025, 6,870,846 EUR in 2026).	MoH		2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Development of the hospital network		Implementation of the actions included in the Informative Report "On the Development of the Hospital Network" (24-TA-	until 2026	Additional funding in 2024 according to the "Law On the State Budget for 2024 and the Budgetary Framework for 2024, 2025 and 2026" and taking into account CoM decision No. 339 of 30	MoH		2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European	Social protection and inclusion	3 Good health and welfare

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
		481), adopted by the CoM on 30.04.2024		April 2024 (Minutes No. 18, §50) - 25,664,560 EUR (29,393,707 EUR per year in 2025 and thereafter).				Pillar of Social Rights		
Limit the spread of infectious diseases		1 Implementation of the plan "Action Plan for the Control of HIV Infection, Sexually Transmitted Infections, Tuberculosis, Hepatitis B and C 2023-2027" 2 Implementation of the "Plan for Containing Antimicrobial Resistance and Prudent Use of Antibiotics "One Health" 2023-2027"	until 2027	2 Additional funding in 2024 according to the "Law On the State Budget 2024 and the Budgetary Framework for 2024, 2025 and 2026" and taking into account the CoM decision No. 883 of 12 December 2023 (Minutes No. 61, §50) - 131,831 EUR.	MoH		2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Implementation of action 4.1.2.7 "Improve Patient Safety and Quality of Care" of the EU Cohesion Policy Programme 2021-2027		1 Adoption of the legal framework. 2 Development and implementation of project	1 2023 2 from 2024 - 2029	Total funding is 3,045,000, including ESF+ funding in the amount of 2,588,250 EUR and national public funding amounts to 456,750 EUR.	MoH	X	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Develop digitisation of the health sector and ensure effective data- and technology-driven healthcare governance		1 A Digital Health Competence Centre has been established to ensure the digital development of the health sector, improve health sector ICT governance and ICT services, eliminate the identified ICT problems in health sector, ensure sufficient capacity to manage and implement	1 2024 2 until 2029	1 Additional funding required for 2024 and annually thereafter - CoM decision No. 762 of 19 September 2024 (Minutes No. 37, §25) - 194,811 EUR. Additionally granted state budget funding for 2025 by CoM decision No. 623 of 28 July 2024 (Minutes No. 30, §38) in the amount of 2,943,180 EUR and 2,992,201 EUR annually for 2026 and thereafter; 2 Total funding amounts to 45,013,234 (incl. RRF funding 8.4 million EUR,	MoH	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	1 Fair and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
		MoH ICT projects and build capacity and knowledge for digital health development in the long term. 2 Developing national health information systems, digital services		for the implementation of Action 4.1.1.4 “Strengthening and Digitisation of the Healthcare Management system Through the Development of Digital Solutions” - 25,126,734 EUR, for the implementation of Action 1.3.1.1 “Development of ICT Solutions and Services and Creation of Opportunities for the Private Sector” - 11,486,500 EUR indicatively)						
Investment 4.3.1.1.i. Support for evaluation and improvement of the quality and accessibility of secondary outpatient healthcare		1 Adoption of a methodology for a study on the quality and accessibility of secondary outpatient healthcare; 2 Performance of a study on the quality, availability and accessibility of secondary outpatient healthcare; 3 Integration of the results of the study on quality, availability and accessibility of secondary outpatient care into health policy development.	2022-2026	786,500.00 EUR (including RRF funding of 650,000 EUR, state budget funding not exceeding 136,500 EUR).	MoH / NHS	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Reform 4.1.1.r. Sustainability and resilience of a human-centred, comprehensive, integrated healthcare system		1 Adoption of a Digital Health Strategy; 2 Development of a model for the delivery of a human-centred, comprehensive and integrated health care through the development of an investment strategy and recommendations for the development of integrated and epidemiologically safe healthcare; 3 Create a Latvian	2022 - 2026	3,726,826 EUR (including RRF funding of 3,155,000 EUR, state budget funding not exceeding 571,826 EUR).	MoH / LLC (SIA) “Rīgas Austrumu klīniskā universitātes slimnīca” / derived public entity “Latvijas Biomedicīnas pētījumu un studiju centrs”	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
		population genome reference (Latvia's participation in the "Genome for Europe - GoLatvia project"); 4 Provide methodological management in oncology.			(Latvian Biomedical Research and Study Centre)					
Investment 4.1.1.1.i. Support for performance of public health studies (in connection with the action "Limit the spread of infectious diseases")		1 Adoption of methodology for three studies to improve public health policy planning and implementation in the areas of micro-organism resistance, vaccination and infectious diseases; 2 Three studies have been carried out and published: a) in the area of AMR (antimicrobial resistance) - study on micro-organism resistance to identify the most effective methods for intervention and surveillance; b) for the identification of the reasons for non-vaccination; c) in the area of infectious diseases - for the identification of the risks of spread of infectious diseases and their impact on public health indicators. 3 Entry into force of amendments to the laws aimed at improving public health policy planning and implementation in areas such as antimicrobial	2022 - 2026	865,150 EUR (including RRF funding in the amount of 715,000 EUR, state budget funding not exceeding 150,150 EUR)	MoH / CDPC (Centre for Disease Prevention and Control)	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
		resistance (AMR), vaccination and infections.								
Reform 4.3.1.r. Sustainability of healthcare, strengthening of governance, efficient use of healthcare resources, increase in the total state budget for healthcare sector		1 Approved coordination mechanism to evaluate, develop and implement new models for the provision of health services; 2 Carried out selection of pilot projects for health service provision models aimed at ensuring better and more efficient provision of state-funded healthcare services at all levels, ensuring accessibility and quality of services through the establishment of system change mechanisms for state-funded services; 3. Carried out piloting, monitoring and evaluation of pilot projects; 4 Integration of new models for the provision of healthcare service into state-funded healthcare services.	2022-2026	18,730,800 (including 15,480,000 EUR from RRF and 3,250,800 EUR from the state budget).	MoH / NHS	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	3 Good health and welfare
Investment 4.2.1.1.i. Support for the implementation of the human resources development system		1 Established coordination mechanism for training healthcare staff; 2 Simulation approach to healthcare learning process introduced at all levels of education - undergraduate, residency, further education.	2024 - 2026	3,630,000 EUR (including RRF funding of 3,000,000 EUR, state budget funding not exceeding 630,000 EUR).	MoH / CFCA	x	2019(2); 2020(1); 2022(1); 2023(1); 2024(1); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market; Social protection and inclusion	3 Good health and well-being; 4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
Implementation of action 4.1.2.6 "Improve Educational Opportunities for Medical Practitioners, Including by Improving Access to Further Education" of the EU Cohesion Policy Programme 2021-2027	Improve the quantity, efficiency and quality of healthcare personnel necessary for the healthcare system.	1 Adoption of the legal framework. 2 Development and implementation of project	1 2023 2 from 2024 - 2029	Total funding amounts to 17,400,000.00 EUR, including ESF+ funding in the amount of 14,790,000.00 EUR and national public funding - 2,610,000.00 EUR. 12,684,970 EUR (ESF+ funding – 10,782,224 EUR and state budget co-funding – 1,902,746 EUR).	MoH	X	2019(2); 2020(1); 2022(1); 2023(1); 2024(1); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market; Social protection and inclusion	3 Good health and well-being; 4 Quality education
Implementation of action 4.1.2.5 "Attract and Retain Healthcare Professionals to Work in the State-funded Healthcare Services Sector, Especially in Hospitals" of the EU Cohesion Policy Programme 2021-2027		1 Adoption of the legal framework. 2 Development and implementation of project	1 2023 2 from 2024 - 2029	Total funding amounts to 6,690,300.00, including ESF+ funding of 5,686,755.00 EUR and national public funding - 1,003,545.00 EUR.	MoH	X	2019(2); 2020(1); 2022(1); 2023(1); 2024(1); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market; Fair working conditions; Social protection and inclusion	3 Good health and well-being; 8 Decent work and economic growth
Reform 4.2.1s.r. Provision of human resources and		1 Developed and adopted Human Resources Development Strategy; 2 Adoption of the human resources mapping for	2024 - 2026	605,000 (including RRF funding in the amount of 500,000 EUR, state budget funding not exceeding 105,000 EUR).	MoH	x	2019(2); 2020(1); 2022(1); 2023(1);	2 Social and economic resilience, incl. European	Equal opportunities and access to the labour	3 Good health and well-being; 8 Decent

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Healthcare										
skills development		healthcare; 3 Introduced new remuneration model for healthcare staff; 4 Adoption of healthcare labour force planning model.					2024(1); 2024(3)	Pillar of Social Rights	market; Fair working conditions; Social protection and inclusion	work and economic growth

9.1.4 Education and skills

The measures included in the education and skills policy area are divided into three parts: quality education, green skills development and digital skills development.

To improve the **quality of education**, Latvia is implementing a series of measures and reforms at all levels of education. These measures are aimed at improving the quality, inclusiveness, efficiency and relevance of education and training systems in the labour market, integrating NEET youth into education and employment, resourcing educational institutions, improving the accreditation process of universities and colleges, modernising the infrastructure and learning environment of educational institutions, improving work-based vocational education and training, expanding access to interest education, leisure and childcare services for learners at risk of social exclusion and children with special needs. The aim is to establish a system for assessing the quality of adult formal and non-formal education, including by developing a common methodology for systematic quality monitoring of adult learning, providing methodological support and public information, and evaluating and monitoring the implementation of adult learning. At the same time, additional resources will be required to implement the system beyond the scope of ESF support and for the provision of sustainability.

By expanding access to adult learning, 28,000 employees will be supported to improve their professional competences, including 14,000 employees with a low level of education. In order to facilitate the strategic development and planning of sectors' and employers' own human resources, including in the long term, and to provide the necessary support for the identification and implementation of training needs, it is planned to develop a private-public partnership financing instrument called "Skill Funds" which will, among other things, promote the supply of quality and employer-relevant training in competitive environment.

A number of programmes and actions of the Just Transition Fund are being implemented for the development of **green skills**, for example, improvement of skills and support for vocational qualifications for workers of the peat sector and related industries to adapt to the labour market needs resulting from the greening of the economy, improvement of skills of local government and regional professionals in the field of climate-neutral economy and mitigation of socio-economic consequences, etc.

To develop **digital skills**, the Latvian FSP includes a range of measures and reforms, which are being implemented both within the framework of the EU fund support programmes and the Latvian RRF plan. These activities will include development of self-directed learning approach for preparation of ICT professionals, development of basic digital skills in society, development and piloting of an individual learning account approach, ensuring of acquisition of high level digital skills, ensuring of digitalisation of the study process, modernising of the university study environment, development of young people's digital skills, closing the digital divide for socially disadvantaged learners, and improvement of digital skills of teachers, including pre-school teachers, etc.

9 Table. Reforms and investments, policy area: Education and skills

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
Quality education										
ESF+ programme "Improve the quality, inclusion, efficiency and labour market relevance of education and training systems, including through the validation of informal and daily learning, to support the acquisition of key competences, including entrepreneurship and digital skills, and by promoting the introduction of dual learning systems and apprenticeships" (Action 4.2.2.4)	development of an Education Quality Monitoring System (hereinafter referred to - EQMS) for monitoring, assessing and ensuring the quality of education at national, municipal and educational institution level and at individual level, as well as strengthening data literacy capacity for full use of EQMS for	1) Approval of CoM Regulation, Q3 2024; 2) Announcement of the selection of project proposals Q3 2024 / Q4 2024	2024-2029	Total funding for the action amounts to 20,786,378 EUR, including ESF+: 17,668,421 EUR and SB - 3,117,957 EUR	MoES	MFF	2019(2) ; 2020(2) ; 2022(1) ; 2023(4) ; 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	data-based decisions for monitoring, assessing and ensuring the quality of education									
ESF+ programme "Promoting the integration of NEET young people into education and employment" (Action 4.2.3.4)	The aim of the action is to develop the skills of young people aged 15-29 (inclusive) who are not in education, employment or vocational training, and are not registered as unemployed with the State Employment Agency prior to their participation in the project, and to promote their involvement in education and training activities, including apprenticeship with a master craftsman,	1) CoM Regulation approved in Q4 2023. 2) Project commenced in Q2 2024.	2024-2029	Total planned funding amounts to 6,525,000 EUR (including flexibility funding of 1,029,482 EUR), including ESF+ funding - 5,546,250 EUR (including flexibility funding of 875,060) and state budget co-funding of 978,750 EUR (including flexibility funding - 154,422 EUR)	MoES/AIPY (Agency for International Projects for Youth)	MFF	2019(2) ; 2020(2) ; 2022(1) ; 2023(4) ; 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	through employment or actions implemented by the State Employment Agency, as well as through the activities of non-governmental organisations or youth centres.									
ESF+ programme "Improve the quality, inclusion, efficiency and labour market relevance of education and training systems, including through the validation of informal and daily learning, to support the acquisition of key competences, including entrepreneurship and digital skills, and by promoting the introduction of dual learning systems and apprenticeships" (Action 4.2.2.5)	ensure participation in international education studies and programmes implemented by international organisations to develop education policy and evaluate implementation and impact of policy..	CoM Regulation approved on 04.07.24. Project implementation is underway	2022-2029	The total planned funding within the framework of the action amounts to 6,835,606 EUR, including 5,810,265 EUR from ESF+ and 1,025,341 EUR from the state budget.	MoES	MFF	2019(2) ; 2020(2) ; 2022(1) ; 2023(4) ; 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education
ERDF programme "Provision of educational institutions for quality implementation of the improved general	Improve provision of educational institutions with resources	1) Approval of CoM Regulation (Q4 2024) 2) Launch of the project (2025, 1st half-year)	2025-2026	The planned total eligible funding amounts to 3,858,774 EUR (including	MoES /NCE (National Centre for Education)	MFF			Equal opportunities and access to	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
education content at pre-school education level" (Action 4.2.1.4)	(teaching materials, educational technology and equipment, inventory for sports and outdoor activities)			flexibility funding - 578,816 EUR), including ERDF funding in the amount of 3,279,958 EUR (including flexibility funding - 491,994 EUR) and state budget co-funding of at least 578,816 EUR (including flexibility funding - 86,822 EUR).					the labour market	
ERDF programme "Provision of educational institutions for quality implementation of the improved general education content at primary and secondary education level" (Action 4.2.1.5, Round 2)	Improve the infrastructure of educational institutions, including creation or renovation of classrooms for STEM subjects	1) Approval of the draft CoM Regulation for the second selection round (Q4 2024); 2) Announcement of the fifth selection round of the project (Q1 2025)	2025-2027	Total funding for the action excluding STEM investments: 38,886,399 EUR, incl. ERDF - 33,053,439 EUR and co-funding of municipal budget in the amount of 5,832,960 EUR	MoES	MFF		2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education
ERDF programme "Improvement of infrastructure and learning environment for the implementation of effective, quality and modern education in special educational institutions" (Action 4.2.1.3)	Improvement of the learning environment in special educational institutions after the reorganisation of the network of special educational institutions.	1) Approval of CoM Regulation (14.11.2023); 2) Commencement of the selection of project proposals (08.03.2024).	2024-2029	Total funding for the action: 17,400,000 EUR, incl. ERDF - 14,790,000 EUR and co-funding of municipal budget in the amount of 2,610,000 EUR	MoES	MFF			Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
RRF investment "Improvement and equipping of infrastructure in educational institutions" (investment 3.1.1.5.i)	Improvement of the learning environment in primary schools established as a result of a comprehensive reorganisation of the network of municipal educational institutions, thus facilitating access to quality education outside the administrative centres of municipalities.	1) Approval of CoM Regulation (04.10.2022); 2) Commencement of the selection of project proposals (24.12.2023).	2023-2026	Total investment funding: 38,587,794 EUR, incl. RRF 31,890,739 EUR and the municipal budget co-funding of 6,697,055 EUR	MoES	RRF			Equal opportunities and access to the labour market	4 Quality education
ESF+ programme "Improvement of learning process quality through the implementation of development of a support system for teachers' professional activity, provision of activities for learners' excellence and the development of methodological support materials for teacher" (Action 4.2.2.3)	Establish and develop a unified and strategically monitored professional support system at national, municipal and educational institution levels to improve the quality of learning process in	CoM Regulation was approved on 11.06.24. Deadline of submission of a project proposal: 01.10.24	2024-2029	Total funding for the action: 67,841,032 EUR, incl. ESF+ 57,664,877 EUR and state budget co-funding 10,176,155 EUR	MoES	MFF	2019(2) ; 2020(2) ; 2022(1) ; 2023(4) ; 2024(3)		Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	general and vocational education, to promote excellence among learners and to provide methodological support materials for teachers. During the action, professional support will be provided to teachers (including teachers from different educational levels and types of educational institutions) on issues related to subject methodology and didactics, learning needs of various students, digital literacy, and other issues.									
ESF+ programme "Expanding access to	The action will be	For Round 1 1) Approval of CoM Regulation, Q4 2024;	2024-2029	Total eligible funding available	MoES, NCE	MFF		2 Social and	Equal opportunities	4 Quality

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
interest education, leisure and childcare services for learners at risk of social exclusion and children with special needs" (4.2.3.2)	implemented through two rounds of the selection of project proposals: In Round 1 - To provide the target group learners during the holidays of educational institutions with interest education programmes for linguistic competence - literacy, organised as day camps (with supervision of learners), stimulating the motivation to read in leisure time - and for exploratory learning about ethnic culture, both for practising literacy in minority languages, in order to creatively involve	2) Announcement of the selection of project proposals, Q1 2025. For Round 2 1) Approval of CoM Regulation, Q4 2024; 2) Announcement of the selection of project proposals, Q4 2025/ Q1 2026.		for the action: 6,620,000 EUR, including ESF+ funding – 5,627,000 EUR and state budget funding – 993,000 EUR. The planned and available eligible funding for the 1st round of the action's selection of project proposals amounts to 1,620,000 EUR, including ESF+ funding of 1,377,000 EUR and state budget funding of 243,000 EUR. The planned and available eligible funding for the 2nd round of the selection of project proposals amounts to 5,000,000 EUR (ESF - 4,250,000, state budget funding - 750,000)				economic resilience, incl. European Pillar of Social Rights	and access to the labour market	education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	<p>minority learners in the diversity of cultural environment of Latvia according to the interests of the specific age group for achievements at the appropriate level of education. In Round 2 - funding intervention is aimed at the development of STEM interest education - promotion of STEM learning by addressing it at the earliest stages of education and implementing it within the framework of the municipal education ecosystem - with a community-based</p>									

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	approach to strengthening STEM education.									
ESF+ programme “Implementation of quality and modern education at pre-school, primary and secondary education levels” (Action 4.2.2.1)	Provide opportunities for children and young people to attend STEAM and civic participation events that contribute to the achievement of the set learning outcomes and objectives in order to diversify learning experiences in the learning process, link learning theory to practice more effectively, raise awareness of labour market requirements in these areas, generate interest in learning in	1) Approval of CoM Regulation, Q4 2024; 2) Announcement of the selection of project proposals, Q4 2024/ Q1 2025.	2024-2027	Total funding for the action: 34,009,600 EUR, incl. ESF+ 33,158,160 EUR and co-funding from the state budget - 5,851,440 EUR	MoES	MFF			Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	these areas and promote future learning choices in these areas									
ESF+ programme "Integrated "school-community" cooperation programme to reduce the risk of exclusion in educational institutions" (Action 4.2.3.1)	Develop an integrated school-community or municipal education ecosystem approach, promoting inter-institutional cooperation and the involvement of learners' parents (persons exercising guardianship) in the education process to ensure coordinated action to reduce social exclusion and the risk of early school leaving for learners and to facilitate the acquisition of	CoM Regulation approved on 16.07.2024. Selection of the project proposal: 2024 III, IV Cet.	2024-2029	Total funding for the action: 23,490,000 EUR, incl. ESF+ 19,966,500 EUR and co-funding from the state budget - 3,523,500 EUR	MoES	MFF			Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	the content of general primary and secondary education									
Rounds one, two, three and four of the selection of project proposals for action 4.2.1.6 "Learning environment of vocational educational institutions and colleges for the acquirement of sector-relevant skills" (action 4.2.1.6) of the Specific Aid Objective 4.2.1 "Improve equitable access to inclusive and quality services in education, learning and lifelong learning through the development of accessible infrastructure, including by promoting retention in distance and online education and learning" of the EU Cohesion Policy Programme 2021-2027.	Objective - Modernisation of the learning environment of vocational educational institutions under the Ministry of Education and Science and the Ministry of Culture, including technical schools, competence centres for arts education and vocational secondary schools, and colleges of the Ministry of the Interior (hereinafter referred to as - vocational educational institutions) for the acquisition of	CoM Regulation on the implementation of the action was adopted on 18.06.2024, No. 388. Development and harmonisation of regulations for selection are in progress. Commencement of selection scheduled for Q3. Commencement of implementation of projects is scheduled for Q4.	2021-2029	The total eligible funding planned within the framework of the action amounts to 54,561,705 EUR (including flexibility funding of 7,528,444 EUR), including funding of the European Regional Development Fund amounting to 46,377,448 EUR (including flexibility funding of 6,399,178 EUR, which includes 5,805,785 EUR of state budget funding in excess of funding of the European Regional Development Fund available for the action) and co-funding of the state budget amounting to 8,184,257 EUR	AI MoES LI - MoC MoI	MFF		2 Social and economic resilience, incl. European Pillar of Social Rights		4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	sector-relevant skills.			(including flexibility funding of 1,129,266 EUR)						
Development of an attractive, flexible and high-quality vocational education system to promote the productivity and competitiveness of the Latvian national economy	Stronger work-based learning to improve vocational education and training in Latvia	The following has been planned within the framework of the 2nd round of the Latvian-Swiss cooperation programme: 1 Further development of the work-based (WB) learning approach 2 Development of the sector-based examination approach 3 Development of learning tools in vocational education 4 Preparation of new teachers for vocational education	31.12.2029	Funding of Round 2 of the Latvia-Switzerland cooperation programme in the amount of CHF 10 million	MoES, NCE			2 Social and economic resilience, incl. European Pillar of Social Rights		4 Quality education
ESF+ programme "Introduction of the Induction Year in Teacher Preparatory Study Programmes" (Action 4.2.2.7)	Objective of the action is to support graduates of teacher preparatory study programmes with teacher qualification in the first year after graduation to attract and retain teachers.	CoM Regulation on the implementation of the action was adopted on 13.07.2023, No. 403. Project implementation is in progress.	2023-2026	The total eligible funding available for the action amounts to 3,425,840, comprising ESF+ funding of 2,911,964 EUR and state budget co-funding of 513,876 EUR.	MoES/UoL	MFF				4 Quality education
Action 4.2.2.6 of the EU Funds 2021-2027 "Implementation of Cyclical Institutional	Objective of the planned support is to provide support for the	Q3 2024 - Approval of CoM Regulation Q4 2024 - Commencement of selection	Costs are eligible for the beneficiary from 1 August 2024, if they	The total planned and available eligible funding for the action is 1,183,000 EUR,	MoES/CFCA	MFF	2019(2) ; 2020(2) ; 2022(1)		Equal opportunities and access to the labour	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
Accreditation in Higher Education"	transition to cyclical institutional accreditation of universities and colleges to improve the quality of higher education. The following activities are envisaged within the framework of the support: preparation of the normative and informative base (proposals, methodologies, guidelines) necessary for the implementation of cyclical institutional accreditation; supplementation and improvement of the functionality of the accreditation agency e-platform	31.12. 2027 - Closure of project implementation Restricted selection of project proposals. Beneficiary - Academic Information Centre	comply with the cost positions set out in CoM Regulation. 2024-2027	including ESF+ funding amounting to 1,005,550 EUR and state budget co-funding of 177,450.			; 2023(4) ; 2024(3)		market; Social protection and inclusion	

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	(simulations); approval of cyclical institutional accreditation, including implementation of pilot accreditations; training of accreditation experts, accreditation agency and university staff for institutional accreditation; support actions for the improvement of the internal quality assurance system of universities.									
Development and piloting of Skill Funds (second round of ESF+ Action 4.2.4.1 "Support to Sectoral Needs-Based Adult Learning")	Develop a model for the financing and operation of Skill Funds suitable for Latvia, with an intent to make it a self-regulating and self-financing structure in the	1) Approval of CoM Regulation (Q4 2024) 2) Commencement of project/-s (2025, 1st half-year)	2024 -2029	Total available eligible public funding for the action amounts to 5,762,728 EUR, incl. ESF+: 4,898,319 EUR; SB: 864,409 EUR	MoES	MFF	2019(2)		Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	long-term by developing a social dialogue-based system for the development of skills of employees of a sectoral company, including of the self-employed, and of the potential labour force in the sector, for quick and efficient adaptation of the labour force to the needs of the labour market development.									
Quality monitoring in adult learning (within the framework of the ESF+ Action 4.2.4.2 “Support for Adult Learning Based on Their Individual Needs”)	Develop a quality monitoring system for adult formal and informal education	Established a quality monitoring system for formal and informal adult learning, including: 1) Approved and commenced implementation of the SAM 4.2.4.2 project (Q4 2024) 2) Developed common methodology for systemic monitoring of the quality of adult learning and plan for its implementation; 3) Provided methodological support to educational	2024-2029	Total planned eligible funding for the Action SAM 4.2.4.2: 34,623,466 EUR, incl. ESF+: 29,429,946 EUR and SB : 5,193,520 EUR.	MoES (SEQS (State Education Quality Service)), SEDA (State Education Development Agency) / MoW (SEA (State Employment Agency)), MoE	MFF	2019(2)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
		institutions (on regular basis); 4) Provided public awareness on the quality of adult learning (on regular basis); 5) Performed monitoring of the activities of adult learning providers and implementation of adult learning programmes (on regular basis).								
Re-skilling / up-skilling of the employed residents, including those with low levels of education (ESF+ Action 4.2.4.2 "Support for adult learning based on their individual needs")	Provide support to 28,000 employed people, including 14,000 employed people with low levels of education, to acquire or improve skills or qualifications necessary in the labour market	1) Approved and commenced implementation of the SAM 4.2.4.2 project (Q4 2024) 2) Conceptual solution description and implementation plan developed to reach, inform and motivate employees with low levels of education to engage in training (Q4 2024); 3) Support and training provided (on regular basis); 4) Conceptual solution description and implementation plan updated (1x year)	2024-2029	Within the ESF+ SAM 4.2.4.2 funding, the total eligible funding planned for the Action is 34,623,466 EUR, consisting of ESF+ funding of 29,429,946 EUR and state budget co-funding of 5,193,520 EUR.	MoES (SEDA) / MoE, MoW	MFF	2019(2)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education
Green skills development										
(ESF+ SAM Action 6.1.1.5 "Improvement of skills of the employed people and support for the acquisition of qualifications, support for training of the labour force")	Improvement of skills of workers in the peat sector and related industries and support for the acquisition of	1) Approval of CoM Regulation (Q4 2024); 2) Launch of the project (2025, 1st half-year).	2024-2029	Total eligible funding planned: 19,937,020 EUR, incl. Funding of the Just Transition Fund: 16 946 467 EUR and SB: 2,990,553 EUR.	MoES	MFF (JTF)	2020(2) ; 2023(4) ; 2024(3)	1 Just green and digital transition; 2 Social and	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	vocational qualifications to adapt to the labour market needs resulting from the green transition of the economy. Number of employees supported in Kurzeme, Latgale, Vidzeme and Zemgale statistical regions - 3,950; Number of students in vocational education - 1,609.							economic resilience, incl. European Pillar of Social Rights		
improvement of skills of local government and regional professionals in climate-neutral economy and mitigation of socio-economic impacts related to climate change (Programme (TPTP) 6.1.1.8 (without flexibility in funding indicators and finances))	Investments in enhancement of skills of planning regions and municipalities to ensure progress towards climate-neutral economy and mitigate climate change risks in the most affected regions,	1) Approval of CoM Regulation (17.10.2023); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (19.07.2023); 3) Commencement of restricted selection (15.11.2023); 4) Conclusion of contract (15.07.2024) and project implementation.	15.07.2024-31.12.2029	1.4 million EUR JTF; 0.3 million EUR national funding (state budget)	MoSARD/CFC A	MFF (JTF)	2020(2); 2023(4); 2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	contributing to mitigation of socio-economic impacts. Achievable results: 1) 4 regional training programmes implemented; 2) 178 local government and regional professionals with improved knowledge and skills.									
Digital skills development										
Digital skills development - development of a self-directed learning approach for ICT professionals (2.3.1.3.i Development of a self-directed learning approach for ICT professionals)	A self-directed learning approach to training ICT professionals has been developed, including provision of the transfer of international experience, with 1,000 persons having indicatively acquired knowledge and skills of an	1) Approval of CoM Regulation (2024, Q4); 2) Development of a methodology for project selection (Q4 2024) 3) Approval of the project/-s to implement the investment (Q1 2025); 4) Monitoring of the implementation of the project/-s (on regular basis).	2024-2026	RRF - 7,600,000 EUR	MoES	RRF	2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	ICT professional.									
Digital Skills Development - Development of Basic Digital Skills of Society (RRF project No. 2.3.2.1.i.0/1/23/1/CFLA/001 "Development of Digital Skills of Society")	Promote the development of digital self-service skills in society. 40,000 people aged 16-74 have been supported.	1) Digital self-service skills training 2) e-learning course developed (2024, Q4) 3) Development of the informal education programme and receipt of permit at the municipality (2024, Q3); 4) Monitoring framework established and approved in practice (from 2024, Q3 to 2026, Q2) 5) Training of teachers-mentors (2024, Q3 – 2025, Q3); 6) Training for residents (2024, Q4 – 2026, Q2) 7) Conclusion of cooperation agreements with local governments (2024, Q3, Q4) 8) Implementation of communication activities (2024, Q3 -2026, Q2)	2023-2026	Project budget: 9,380,564.24 EUR EU, incl.: RRF: 9,042,000 EUR, SB (VAT): 338,564 EUR	MoSARD / MoES	RRF	2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education
Development of digital skills - Development and piloting of the individual learning account approach (RRF investment 2.3.1.4.i "Development of the Individual Learning Account Approach")	Develop and approve a Latvian context-specific individual learning account (hereinafter referred to as - ILA) approach that	1) Digital skills training commenced within the framework of the ILA support (2024, Q3, starting from selection of educational institutions) 2) Developed appropriate digital environment for the approval and further functioning of the ILA approach (2024, Q4), functionality for the launch	2024-2026	Total planned funding: 15,146,193 EUR (including VAT), incl. RRF funding: 14,306,000 EUR; SB (VAT): 840,193 EUR	MoES (SEDA)	RRF	2019(2); 2020(2); 2022(1); 2023(4); 2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl.	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	strengthens the implementation and management of individual learning pathways and storage of information on learning results, as well as promote adult participation in education by helping to acquire and improve digital skills in society by involving 3,500 adults in the approbation of ILA	of the ILA approval and its gradual development; May 2026) 3) 1,000 adults are registered on the ILA platform (2024, Q4) 4) 3,500 ICT users (2026, Q2)						European Pillar of Social Rights		
High level digital skills 2.3.1.1.i. investment "Provision of acquisition of high level digital skills"	Three projects are under implementation within the framework of the investment: Quantum Technology Initiative, Language Technology Initiative and	1) Approval of CoM Regulation (2022) 2) Implementation of the project and achievement of the objectives set in the investment (2023-2026)	2022-2026	The total investment amounts to 17,651,000 EUR, including RRF funding of 17,000,000 EUR and state budget co-funding in the amount of 561,000 EUR	MoES	RRF	2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl. European	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	High Performance Computing (HPC) Technology Initiative, implemented by Latvian universities of science in cooperation with leading research institutions. The investment will include development of at least 21 study modules in these areas, training of at least 3,000 professionals, as well as creation of new research-industry collaborations							n Pillar of Social Rights		
ESF+ programme “Digitisation of the Study Process” (Action 4.2.2.11)	Introduce digital solutions, including shared solutions, in higher educational institutions to	1) Approval of CoM Regulation, Q4 2024; 2) Announcement of the selection of project proposals, Q4 2024/ Q1 2025.	2025-2029	Total funding for the action: 33,438,762 EUR, incl. ESF+ 28,422,947 EUR and state budget co-funding of 5,015,815 EUR	MoES	MFF		1 Just green and digital transition; 2 Social and economic	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	provide student-centred learning and improve the quality of studies.							resilience, incl. European Pillar of Social Rights		
ERDF programme "Modernisation of the Study Environment in Universities" (Action 4.2.1.8)	Ensure the modernisation of the study environment of STEAM (science, technology, engineering, arts, mathematics), including creative industries and medicine (hereinafter referred to as -STEAM) in higher educational institutions - universities and colleges - and introduction of industry-relevant technologies in the study process.	1) Approval of CoM Regulation, Q4 2024; 2) Announcement of the selection of project proposals, Q4 2024/ Q1 2025.	2025-2029	Total funding for the action: 33,090,001 EUR (including flexibility funding of 5,219,131 EUR), including funding of 28,126,500 EUR from the ERDF (including flexibility funding of 4,436,262 EUR) and state budget co-funding of 4,963,501 EUR (including flexibility funding in the amount of 782,869 EUR).	MoES	MFF		1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education
Development of digital skills for young people	is to create a modern,	1) Approval of the Informative Report (2023,	2023-2026	The RRF funding amounts to	MoES/AIPY (Agency for	RRF	2024(3)	1 Just green	Equal opportunities	4 Quality

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
Goal of the investment 2.3.2.1 "Digital Skills for Residents, including Young People" in project No. 2.3.2.1.i.0/1/23/I/CFLA/02 "Development of Digital Youth Work System in Municipalities"	flexible, sustainable digital youth work system aimed at target group problem-solving in municipalities, linking it with other municipal services (including development of e-services) and the needs of the target group to provide young people with broad opportunities to develop and apply their digital skills. at least 10,000 young people will have participated in technological innovation activities in digital youth work.	Q2) 2) Project commenced in Q1 2024 3) Prepared training content and implemented training for representatives of local governments on digital youth work (2024, Q1 and Q2) 4) Conclusion of contracts with local governments to participate in the project is underway (2024, Q3) 5) Local governments will implement individual plans for the development of the digital youth work system and digital skills of young people (2025)		3,590,000 EUR. The planned amount of VAT to be covered from the state budget totals 59,430.	International Projects for Youth)			and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights	es and access to the labour market	education
Closing the digital divide 2.3.2.3.i. investment "Closing the digital	Goal of the investment is to reduce	1) CoM Regulation No. 168 approved (April 2023) and contract with CFCA for	2023 - 2026	RRF funding amounting to 15,000,000 EUR,	MoES	RRF	2024(3)	1 Just green and	Equal opportunities and	4 Quality

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
divide for socially disadvantaged learners and in educational institutions"	barriers to acquisition of the content of general education: 1 by ensuring the availability of portable computing devices for learners from socially disadvantaged groups; 2 by ensuring the availability of data transmission for quality, meaningful and planned use of digital technologies in the learning process.	project implementation signed (September 2023) 2) 35,792 computer hardware units purchased by December 2023; 3) Feasibility study launched on upgrade of the data transmission network capacity, including intranet upgrade, of educational institutions; 4) Physical upgrading of the data transmission capacity and intranets of educational institutions in 2025 and 2026 (following the results of the feasibility study), upon submission of technical designs for upgrading by the cooperation partners.		State budget 3,090,300 EUR				digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights	access to the labour market	education
Digital Skills Development - Development of Basic Digital Skills of Society (RRF project No. 2.3.2.1.i.0/1/23/I/CFLA/001 "Development of Digital Skills of Society")	Promote the development of digital self-service skills in society. 40,000 people aged 16-74 have been supported.	1) Developed e-learning course for the acquisition of digital self-service skills (by 2024, Q4) 2) Development of the informal education programme and receipt of permit at the municipality (2024, Q3); 3) Monitoring framework established and approved in practice (from 2024, Q3 to	2023-2026	Project budget: 9,380,564.24 EUR funding of the RRF plan: 9,042,000.00 EUR State budget funding (for value added tax costs): 338,564.24 EUR	MoES/MoSARD	RRF	2019(2); 2020(2); 2022(1); 2023(4); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
		2026, Q2) 4) Training of teachers-mentors (2024, Q3 – 2025, Q3); 5) Training for residents (2024, Q4 – 2026, Q2) 6) Conclusion of cooperation agreements with local governments (2024, Q3, Q4) 7) Implementation of communication activities (2024, Q3 -2026, Q2)								
Digital skills improvement (Programme 4.2.4.3 (without flexibility in funding indicators and finances))	Investments in promotion of digital transition to improve the digital skills of the employees of state and municipal institutions and promote the use of digital opportunities and platforms oriented at the society and businesses, thereby increasing the use of information and communication technology opportunities	1) Development and commencement of harmonisation of CoM Regulation on the draft law portal (TAP) (24.05.2024); 2) Approval of CoM Regulation (2024, Q4); 3) Examination of the evaluation criteria of project proposals at the thematic sub-committee (20.06.2024); 4) Approval of the evaluation criteria of project proposals at the EU Funds Supervisory Committee (12.08.2024); 5) Commencement of restricted selection (Q1 2025); 6) Conclusion of contracts and implementation of projects.	01.01.2025-31.12.2029	3.1 million ESF+; 0.5 million national funding (state budget)	MoSARD/CFC A	MFF	2019(2) ; 2020(2) ; 2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Education and Skills										
	and closing the digital divide in society. Achievable results: 1) at least 25 events organised to promote the use of information and communication technologies; 2) at least 1,572 employees of state and municipal institutions trained; 3) at least four integrated communication campaigns implemented.									

9.1.5 Employment policy

This section of Latvia's FSP policy area focuses mainly on improving active employment policy, which is also in line with the EU Council's country-specific recommendations for Latvia and are implemented within the framework of the EU Fund support programmes and Latvia's RRF plan. Key actions include improving the qualifications and skills of the unemployed, jobseekers and people at risk of unemployment, facilitating entry of disadvantaged unemployed and economically inactive people into the labour market (subsidised employment and other support measures), supporting social entrepreneurship, ensuring the operation of the *Eures* network in Latvia, promoting longer and better working lives (support for employees aged 45 and over to improve working conditions and environment) and capacity building and modernising the services of the State Employment Agency.

9 Table. Reforms and investments, policy area: Employment policy

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the action	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Employment Policy										
Active employment policy actions	Increase entry of disadvantaged unemployed and economically inactive people into the labour market, promotion of extension of working lives of the employed (support 57,762 people for their involvement in training activities, promote involvement of 7,846 people, especially the long-term unemployed and disabled unemployed, in employment support actions, support 148 social enterprises, improve the working environment for 2,477 older employed persons)	1 Improving the qualifications and skills of the unemployed, jobseekers and persons at risk of unemployment (RRF Investment 3.1.2.5.i (20.06.2023, CoM Regulation No. 323) and ESF+ Action 4.3.3.1 (development of CoM Regulation is planned for 01.01.2025)); 2 Promoting entry of disadvantaged unemployed and economically inactive people into the labour market (subsidised employment and other support actions, ESF+ Action 4.3.3.2 (28.11.2023, CoM Regulation No. 691)) 3 Support for social entrepreneurship (ESF+ Action 4.3.3.3 (19.12.2023, CoM Regulation No. 818))	2023-2029	RRF funding - 28,710,000 EUR (3.1.2.5.i); ESF+ funding - 125,296,927; state budget funding - 23,554,807	MoW, SEA, ALTUM, FTUCL (Free Trade Union Confederation of Latvia), ECL (the Employers Confederation of Latvia), RSU IOSEH (Riga Stradiņš University Institute of Occupational Safety and Environmental Health)	RRF	2019(2); 2020(2); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	1 Poverty alleviated; 8 Decent work and economic growth

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the action	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Employment Policy										
		<p>4 Ensuring the operation of the <i>Euroes</i> network in Latvia (ESF+ Action 4.3.3.4 (28.11.2023, CoM Regulation No. 689))</p> <p>5 Promoting longer and better working lives (support for employees aged 45 and over to improve working conditions and environment, ESF+ Action 4.3.3.5 (2.07.2024, CoM Regulation No. 431))</p> <p>6 Capacity building and modernising the services of the State Employment Agency (ESF+ Action 4.3.3.6 (5.12.2024, CoM Regulation No. 723))</p>								

9.1.6 Business environment

The main objective of the measures under the Latvia's FSP policy area "Business Environment" is to reduce administrative and regulatory burdens, which is fully in line with the specific recommendation of Member States of the EU Council for Latvia. In order to improve the business environment and reduce the administrative burden, the Latvia's FSP envisages a number of measures related to the identification of administrative and bureaucratic burdens in laws and regulations of Latvia, reduction of administrative burden in the field of real estate development, modernisation of the Register of

Enterprises and improvement of the functioning of the Economic Affairs Court. The measures in this section also aim to improve and strengthen market supervision in the commercial banking sector with a view to improving competition in financial markets.

9 Table. Reforms and investments, policy area: Business environment

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
Identification of laws and regulations and bureaucratic obstacles	Reduce administrative and regulatory burdens	Work on solutions to the identified bureaucratic obstacles (amendments to laws and regulations) and identification of new bureaucratic obstacles	2023-2027		MoE		2024(3)			
Reduction of administrative burden in the field of real estate development	Improve public awareness on the planned development of the area, ensure meaningful public involvement and process	Define the objectives and scope of the public consultation at each stage: Amend the Construction Law, including by defining the cases where public consultation may be waived.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
		Improve the functionality of the Building Information System (hereinafter referred to as - BIS), allowing anyone to apply for information electronically on proposed construction in the area of interest and decisions taken in relation to the construction (issue of a building permit, marking the fulfilment of design conditions).	31.12.2025		MoE/SCCB		2024(3)			
		Clarify the role of the board depicting the construction work in the process of implementation of the construction intent, stating that it only provides an additional function of public awareness, its absence on a given day is not considered insufficient public awareness and cannot be a reason for extension of the contestation period. Revise the amount of information to be included in the board depicting	Submission to the CoM for examination - 30.11.2024		MoE/SCCB		2024(3)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
		the construction work. The regulation must enter into force at the same time as the BIS functionality envisaged in Action 3.1.1.3.								
	Improve the receipt of opinions and regulations from competent authorities in real estate development processes	Amend CoM Regulation No. 628 of 14 October 2014 "Regulations on Local Government Spatial Development Planning Documents" by defining the following: a) objectives of the conditions and the amount of information to be provided on mandatory basis. Taking into account the information provided in the application for the development of a local plan, holders of utilities should identify the infrastructure investments that are a precondition for the implementation of the local or detailed plan; b) when requesting conditions from a particular authority, justification should be given to reduce the possibility of unjustified conditions being imposed. Upon volunteering to provide an opinion, reasons also must be given. c) application for the development of a local plan shall clearly and in detail describe the planned construction and the planned activity.	Submission to the CoM for examination - 30.11.2024		MoSARD /MoE		2024(3)			

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
		Amend the regulatory framework in the field of construction by stipulating that certain technical regulations in the field of environmental protection are not required if an EIA has been carried out. The State Environmental Service shall harmonise the construction project, verifying that the results and conclusions of the EIA have been taken into account.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
	Improve the procedure for obtaining Technical Regulations for the implementation of construction intent	Amend the Construction Law and regulations issued on the basis thereof, stipulate that: a) the authorities from which technical or special regulations are obtained shall be determined by the developer of the construction design. The municipality shall be entitled to add authorities providing appropriate substantiation; b) the purpose and content of the Technical Regulations; c) the cases when receipt of the Technical Regulations is not necessary; d) validity term of the Technical Regulations.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
		Consider possibility to introduce an out-of-court dispute resolution mechanism, if Technical Regulations do not comply with the requirements of laws and regulations.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
	Introduction of a single process from the commencement of construction to the entry of the structure in the Land Register	A conceptual model for registration of structures in the State Cadastre Information System of Real Estate and in the Land Register will be approved at the level of the CoM, based on data about the structure obtained during the construction process and registered in the BIS system as structured data by abandonment of repeated (duplicate) data acquisition in the vicinity during the cadastral survey of the structure. Define requirements for data accuracy, mandatory data, aspects of administrative legality checking of construction to ensure a high quality and legal registration process.	The single process must be introduced no later than as of 1 January 2026.	2,800,000 EUR (data exchanges with BIS and SUCLR (State Unified Computerized Land Register), changes to information systems - 1,655,000 EUR; changes to the SLS portal Kadastrs.lv - 923,750 EUR; adjustments to SUCLR 221,250 EUR).	MoE		2024(3)			
	Application of new regulations for the spatial planning to ongoing real estate development processes	Supplement the Spatial Development Planning Law and the Construction Law with regulation on the conditions for the completion of ongoing processes in case of change in the regulation on spatial planning.	Submission to the CoM for examination - 30.11.2024		MoSARD /MoE		2024(3)			
	Waiving overhead lines for improvement of the urban environment	Amend CoM Regulation No. 574 of 30 September 2014 "Regulations on Latvian Building Code LBN 008-14 "Location of Engineering Networks", stipulate a duty to construct communication tunnels in case of construction	Submission to the CoM for examination - 30.11.2024		MoE/MoT		2024(3)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
		of a new street or reconstruction of a street;								
		Amend the Law on Electronic Communications, stipulate simplified requirements for the undergrounding of overhead lines, including addressing the need to harmonise construction with the owners of the land parcels to be crossed by the communications;	Submission to the CoM for examination - 30.11.2024		MoT / MoE		2024(3)			
		Provide for a uniform regulation for the relocation of overhead lines underground in laws and regulations concerning the spatial planning, balancing the interests of owners of the overhead lines and buildings and preventing the redevelopment of buildings.	Submission to the CoM for examination - 30.11.2024		MoSARD/ MoT		2024(3)			
	The construction process must be made more flexible to avoid the construction regulation becoming disproportionately restrictive in certain aspects.	"Reorganisation" of the implementation of construction intent process: Amend the General and Special Construction Regulations by providing for the implementation of parallel construction intents, stipulating the cases where this would be permissible and strengthening the procedure for supervision and commissioning of construction works.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
		Amend CoM Regulation No. 500 of 19 August 2014 "General Construction Regulations" by including regulation for a phased	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
		implementation of the construction intent.								
	Clarify the role of author's supervision: the role and importance of author's supervision should be strengthened, separating it from the copyright aspect, and the scope of the responsibility of the author's supervisor (what he is and is not responsible for) for the compliance of the works with the construction project should be clearly defined.	Amend CoM Regulation No. 500 of 19 August 2014 "General Construction Regulations", improving the regulation of author's supervision.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
	Right to carry out works on the construction site before a mark on the fulfilment of the design conditions has been made	To determine the optimal construction process, assess whether and which preparatory works the developer can commence before the mark on the fulfilment of the design conditions has been made.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
	A clear regulation for challenging the mark on the fulfilment of the design conditions and the fulfilment of the conditions for the commencement of construction works should be developed, improving public awareness of the planned construction, while creating a predictable process for the investor to challenge the construction permit.	Amend the Construction Law by laying down the requirements for public awareness about the mark on the fulfilment of the design conditions, the procedure for contestation and the time limit for contestation.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
	Improve the efficiency of the construction process while reducing potential fraud risks.	Amend CoM Regulation No. 500 of 19 August 2014 "General Construction Regulations" and special construction regulations, such as CoM Regulation No. 529 of 2 September 2014 "Construction Regulations of Buildings" and improve the regulation for recording construction works and mitigating risks to the quality of construction works.					2024(3)			
	Facilitate the acquisition of information on underground utilities and liability for damage to underground communications	Amend CoM Regulation No. 281 of 24 April 2012 by stipulating that data on underground engineering systems shall be depicted in the topographic plan on the basis of the data of the Information System for Restricted Territories.	Submission to the CoM for examination - 30.11.2025		MoJ/MoE/SL		2024(3)			
		Improve the regulation of the Construction Law by limiting the liability of the construction contractor and the initiator of the construction, stipulating that they are not liable for damage to underground engineering systems which they did not and could not have had any knowledge of.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
	Promote re-use of construction products	Improve the regulatory framework for construction products, promoting the re-use of construction products and the use of construction waste for re-cultivation.	Submission to the CoM for examination - 30.11.2025		MoE		2024(3)			12 Responsible consumption and production

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
	Improvement and digitisation of the deforestation process	Amend the laws and regulations in the field of construction, setting out the requirements for the insertion of a deforested landfill into the construction design, uploading to BIS, indication of the structured data required by the State Forest Service for registration in the Forest Register and for the calculation of compensation. Provide for determination of the area to be deforested on the basis of Cadastre data on forest land.	Submission to the CoM for examination - 30.11.2024		MoE/MoJ		2024(3)	1 Just green and digital transition		
		Revise CoM Regulation No. 1019 of 27 December 2011 "Cadastral Land Survey Regulations" provide for the right of a certified building specialist to mark the landfill.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
		Improve BIS functionality accordingly	30.12.2025		MoE/SCCB		2024(3)			
	Improve the process of "formation" of a residential property	Amend the Law on Residential Properties to allow, in the case of a new building, the possibility to assign the cadastral numbers necessary for the registration of a residential property to the groups of premises in the Cadastre and to calculate the undivided shares of the common property attached to the residential property along with the registration of the apartment building and the groups of premises in the Cadastre.	Submission to the CoM for examination - 30.11.2024		MoE/MoJ		2024(3)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
		If necessary, amend the law governing the regulation in the field of land register to allow simultaneous registration of an apartment house and division thereof into residential properties (can be requested at the same time, ensuring consecutive registration).								
		Develop informative material and explanations on aspects of common property, promoting the division of apartment houses into residential properties.	30.12.2024		MoE		2024(3)			
		Amend the regulatory framework, thus facilitating the commissioning of commonly-owned structure, including regulation for the prevention of unauthorised construction.	31.12.2024		MoE		2024(3)			
	Improve the regulation on the commonly-owned share of a residential building	Amend the Law on Residential Properties to provide for the possibility to create (establish) functionally related objects that are beyond the commonly-owned share, but that are still functionally related to a specific residential property and that separately may be an object of civil circulation (only within the owners of the residential apartment building).	Submission to the CoM for examination - 30.11.2024		MoE/MoJ		2024(3)			
	Improve the legal solution for shared infrastructure	Amend the regulatory framework to create a solution for roads built by private individuals when building	Submission to the CoM for		MoSARD/MoE		2024(3)			9 Manufacturing, innovation

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
		villages of private houses. The possible solution is to determine that the roads built during construction of villages of private houses belong to the municipality and are to be transferred thereto without compensation, at the same time providing for stipulation of a special obligation in laws and regulations for the owners of the villages of private houses to provide or finance maintenance of the roads.	examination - 30.11.2025							and infrastructure
		Given that the Civil Law provides for the right to establish a restriction on property by will, contract or law - consider the possibility of amending the regulatory framework in the field of construction by introducing the concept of shared infrastructure and providing for registration of the status of shared use in the Land Register (restriction of rights by law, similar to the case of red lines) at the level of law. The regulation should include an explanation of the nature of this institution, rules for its use, legal consequences, etc.	Submission to the CoM for examination - 30.11.2024		MoE/MoJ		2024(3)			
	Increased use of electronic signature requesting entries in the Land Register	Simplify the process for making certain entries in the Land Register, strengthen protection of the bona fide acquirer. The Ministry of Justice is to set up a working group and "sort"	31.12.2024		MoJ/MoE		2024(3)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
		the types of requests for corroboration that can be submitted electronically, signed with an electronic signature, possibly using the official e-address.								
	Strengthening the legal status of the community of apartment owners	Amend the regulatory framework by clarifying the legal status of the community of apartment owners.	Submission to the CoM for examination - 30.11.2024		MoE		2024(3)			
	Simplify the land survey process for the expropriation of land in case of construction of linear structures	Amendments to laws and regulations in the field of land survey and cadastral land survey. Make the process of land separation for the construction of linear structures efficient: 1) allow a project for the division of a land parcel to serve as basis for the separation of a land area; 2) to waive the obligation to survey the residual area when a part of a land parcel belonging to a private individual is separated for the construction of a linear structure.	Submission to the CoM for examination - 30.11.2025		MoJ/MoE/MoF		2024(3)			
Market surveillance in the commercial banking sector	Assess the overall competitive situation in the commercial banking sector; Improve competition in financial markets	Market surveillance will also include an assessment of the factors affecting the mobility of commercial bank customers and the competitive situation in crediting. Once the market surveillance is complete, the final conclusions and proposals will be published.	Autumn 2026		CC		2024(3)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
	Improve competition in financial markets	<p>1) In 2023, the Bank of Latvia commenced publishing commercial banks' lending and deposit rates, thereby improving access to information for bank customers, strengthening competition and promoting customer mobility</p> <p>2) In 2023, following a dialogue with the industry, the BoL revised the regulation, contributing to reducing barriers to the development of crediting services identified by the industry.</p> <p>3) The BoL's initiative to facilitate the refinancing of loans is being implemented: In 2023, work of the Refinancing Task Force led to a significant easing of the mortgage refinancing process (already in force), thereby significantly enhancing customer mobility and competition in the financial sector. In 2024, work on easing the refinancing process for corporate loans was commenced.</p> <p>4) A new market entrant, "Indexo" bank, has been licensed in 2024.</p> <p>5) BoL regularly supports IDAL in negotiations with potential market participants for their entry into the Latvian financial market.</p> <p>6) Competition in the field of</p>	2023-2024		BoL		2024(3)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Business Environment										
		payment services will be promoted by providing non-bank payment service providers with access to the CB payment systems 7) BoL maintains a regular dialogue with businesses, including in the regions, on access to financing, including by encouraging businesses to make greater use of small banks, which will promote competition in the market.								
On changes to the regulation of the Economic Affairs Court to improve the business environment	Reduce administrative and regulatory burdens	1) Assessment and identification of additional competences of the Economic Affairs Court in conjunction with premises and human resources. 2) Drafting of the “Amendments to the Civil Procedure Law” and of the “Amendments to the Criminal Procedure Law”, establishing additional competence of the Economic Affairs Court.	2025	Not foreseeable, depends on the outcome of the assessment.	MoJ		2024(3)			
Modernisation of the Register of Enterprises	Reduce administrative and regulatory burdens	Data processing and services of the Register of Enterprises will be modernised	31.05.2026	2.3 million EUR (RRF funding)	MoJ	RRF	2024(3)			

9.1.7 Promotion of investments

Measures included in this policy area relate to the provision of loans and guarantees to enterprises, support for the development of new products and technologies, including investments to promote the green transition and innovation, support for the digital transition in commercial activity, investments in public business infrastructure to develop industrial parks and territories in the regions, improving business infrastructure, improving the administrative capacity of local governments and planning regions and promoting competitiveness in agriculture. All of the above actions are implemented within the framework of the EU fund support programmes and the Latvian RRF plan.

9 Table. Reforms and investments, policy area: Promotion of investments

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy areas - Promotion of investments										
Productivity loans for innovative companies	Increasing investments in innovations	Draft CoM Regulation developed and planned to be submitted to the CoM in September 2024	2024-2029	68.23 million (EU funds)	MoE	RRF+ MFF	2019(3); 2020(3); 2021(1); 2022(3); 2023(3); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure
Support for the development of new products and technologies		CoM Regulation No. 32 of 9 January 2024 approved, within the framework of which 8 contracts with beneficiaries have been concluded	2024-2026 Q2	47.6 million EUR (RRF funding)						
		ERDF Action 1.2.1.1 "Productivity Loans for Business Innovations" is in the process of harmonisation; support within the framework of this action will be available from early 2025.	2025-2029	32 million EUR (EU funds)						
Support for the development of new products and technologies	Investments for the promotion of green transition	RRF CoM Regulation No 33 approved on 9 January 2024. Within the framework of the action, the CFCA concluded contracts with 9 beneficiaries as a result of a public call for proposals.	2024-2026 Q2	40 million EUR (RRF funding)	MoE	RRF	2019(3); 2020(3); 2021(1); 2022(3); 2023(3); 2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure
Support for the digitisation of processes in commercial activity	Investments for the promotion of digital transition	For the RRF support programme - support for digitisation of traders' processes, CoM Regulation No. 10 approved on 10.01.2023. Support is available for traders. Support programme for the promotion of digitisation of traders within the framework of the programming period 2021-2027 has been developed and is currently in the inter-	RRF funding is available from 2023-2026. Q2 EU funding available from 2024-2029	40 million (RRF funding) 27.6 million (EU funds)	MoE	RRF	2019(3); 2020(3); 2021(1); 2022(3); 2023(3); 2024(3); 2024(4)			

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy areas - Promotion of investments										
		institutional harmonisation process.								
		For the RRF support programme - loans for digitisation, CoM Regulation No. 421 has been approved on 05.07.2022. Support is available for traders.	2023-2026 Q2	45.14 million RRF funding						
	Increasing investments in innovations	RRF CoM Regulation No. 34 has been approved on 9 January 2024. The CFCA has concluded contracts with 7 beneficiaries through the open selection process.	2024-2026 Q2	24.3 million EUR (RRF funding)		RRF				
Loans (start-up and productivity loans, as well as large investment loans)	Promote SME's access to funding	Within the framework of the programming period 2021-2027, for the support programme Start-Up Loans, CoM Regulation No. 532 was approved on 19.09.2023. Support is available for traders. Within the framework of the programming period 2021-2027, for the support programme Productivity Loans, CoM Regulation No. 28 was approved on 09.01.2024. Support is available for traders.	2024-2029	For start-up - 15.66 million (EU funds) For productivity - 28.06 million (EU funds)	MoE	MFF	2019(3); 2020(3); 2021(1); 2022(3); 2023(3); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure
Guarantees (for economic operators to improve competitiveness, portfolio guarantees, short-term)	Promote SME's access to funding	Within the framework of the programming period 2021-2027, Portfolio Guarantees for Support Programme, Regulation No. 498 was approved on 5 September 2023. Guarantee support for traders is provided.	2024-2029	9.8 million (EU funds)	MoE	MFF	2019(3); 2020(3); 2021(1); 2022(3); 2023(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure
		Within the framework of the programming period 2021-	2024-2029	29.6 million (EU funds)						

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy areas - Promotion of investments										
export credit guarantees)		2027, for the support programme Guarantees for Economic Operators to Improve Their Competitiveness, CoM Regulation No. 500 was approved on 05.09.2023. Guarantee support for traders is provided.); 2024(3)			
		CoM Regulations No. 866 of 20 December 2016, which provides for the possibility for companies to obtain short-term export credit guarantees. Guarantee support for traders is provided.	2024 -2028	5.69 million (SB and repayments)						
Investments in public business infrastructure to develop industrial parks and territories in the regions	Investments to reduce inequality, to develop the infrastructure of industrial parks and territories of national importance and to attract investors to Latvian regions outside the Riga planning region, thus promoting creation of high value-added and export-oriented jobs, as well as reducing regional development disparities between the Riga region and the remaining territory of Latvia. Objectives to be achieved and milestones: 1) by 31.12.2022, the	1) Approval of CoM Regulation (30.08.2022); 2) Implementation of the open selection (19.10.2022-28.04.2023); 3) Conclusion of contracts and implementation of projects.	01.02.2020-31.08.2026	80 million RRF	MoSARD /CFCA	RRF (CID Annex - Investment 3.1.1.3.i under "COMPONENT No. 3 REDUCING INEQUALITIES")	2019(3); 2020(3); 2021(1); 2022(3); 2023(3); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy areas - Promotion of investments										
	<p>support programme for the development of industrial parks and territories in the regions has been adopted; 2) by 31.12.2023, decisions on the award of contracts for the development of industrial parks in the regions have been sent to project applicants; 3) by 31.12.2025, at least four letters of intent or contracts with internationally recognised industrial park operators or potential investors have been signed, generating non-financial investments in the amount of at least 85,741,349 EUR; 4) by 31.12.2025, construction of at least four industrial parks and territories of national importance in the regions has been completed; 5) by 31.07.2026, at least 328 jobs have been created in industrial parks in the areas of smart specialisation with a salary exceeding the average salary in the</p>									

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy areas - Promotion of investments										
	relevant sector of the national economy of the planning region concerned.									
Infrastructure to support entrepreneurship (Programme 5.1.1.1 (only Round 1, Round 2, no flexibility funding for Round 3; only indicators for Rounds 1 and 2 are specified, no flexibility indicators for Round 3. Indicators are specified against CoM Regulation, not against the OP.)	Investments to promote the development of public infrastructure for entrepreneurship by increasing the volume of private investment in urban functional areas through investments for the development of entrepreneurship in line with municipal development programmes. Achievable results: 1) at least 35 traders benefiting from the public infrastructure developed; 2) at least 51,400,781 EUR increase in the wage fund at private traders; 3) at least 68,534,375 EUR private non-financial investments in intangible investments and fixed assets.	1) Approval of CoM Regulation (16.01.2024; amendments of 07.05.2024 and 04.06.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (02.08.2023); 3) Commencement of the selection (for Round 1 - restricted selection on 09.05.2024; for Round 2 - open selection on 21.02.2024); 4) Conclusion of contracts and implementation of projects.	01.01.2021 - 31.12.2029	<u>Round 1:</u> 39.9 million ERDF; 7 million national funding (municipal co-funding or private co-funding) <u>Round 2:</u> 62.9 million ERDF; 11.1 million national funding (municipal co-funding or private co-funding)	MoSARD /CFCA/local governments	MFF				
Capacity building of local governments and planning regions (Programme	Investments to improve the administrative capacity of planning regions and local governments in matters concerning territorial	1) Approval of CoM Regulation (31.01.2023); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (26.01.2023);	01.01.2023- 31.12.2029	0.4 million ERDF; 0.07 million national funding (state budget)	MoSARD /CFCA	MFF				

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy areas - Promotion of investments										
5.1.1.2 (no flexibility funding planned))	development planning and implementation, facilitating the preparation of quality project proposals for the attraction of support of the EU structural and investment funds for territorial development, including by complying with good governance principles, to strengthen the competitiveness of municipalities and ensure sustainable development of the territory's settlement and living environment. Achievable results: 1) Improvement of administrative capacity ensured in at least 29 municipalities and at least 3 planning regions; 2) Capacity building events (seminars, campaigns, experience exchange or other events) for development planning and project specialists of at least 5 planning regions and municipalities organised.	3) Commencement of restricted selection (06.03.2023); 4) Conclusion of contract (09.08.2023) and project implementation.								
Promoting competitiveness	Support 2,500 farms to improve their economic performance and	1) Development and approval of laws and regulations for the transition period 2020-2021	2023 - 2029	335.9 million EUR (EU funds - EAFRD), with EU	MoA/RSS ; ALTUM	MFF	2019(3); 2020(3)	2 Social and economic resilience,		9 Manufacturing,

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy areas - Promotion of investments										
	competitiveness, as well as to promote the development of cooperation and access to funding	2) Development of the CAP SP 2023-2027 and harmonisation thereof with the EC 2) Development and approval of laws and regulations (2023 - 2024) 3) Implementation of support actions from 2023-2029		funding - 250.7 million EUR, LV co-funding - 85.2 million EUR); 2021(1); 2022(3); 2023(3); 2024(3)	incl. European Pillar of Social Rights		innovation and infrastructure
Investments for the promotion of green transition	Investments for the promotion of green transition	1) Approval of the National Energy and Climate Plan; 2) Preparation of CoM Regulation "Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool "Promoting Public Awareness of the Importance and Opportunities of Climate Neutrality and Climate Resilience"", approval of CoM Regulation - Q3 2024, announcement of the selection of project proposals - Q4 2024, implementation deadline for projects approved within the framework of the call for proposals - as specified in each concluded project agreement; 3) Preparation of CoM Regulation - Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool for the period until 2028 - according to the directions for the use of funding set out in the	For the EU fund actions (2025 - 2029), <i>REPowerEU</i> (2024 - 2026), the Social Climate Fund (2026 - 2032), the Emission Allowance Auctioning Tool - according to the implementation deadline set in each public call for proposals and the project implementation deadline set in each	2) 2 million EUR; 3) funding for implementation of each public call for proposals will be determined while developing the regulations of the call for proposals; 4) for investment 2.2.2.3 - 27,233,743	MoCE, MoSARD, MoE UAD	RRF+MFF	2019(3); 2020(3); 2021(1); 2022(3); 2023(3); 2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights		6 Clean water and sanitation; 13 Climate action

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy areas - Promotion of investments										
		Emission Allowance Auctioning Tool's operational strategy (under development) and the priorities set out in the National Energy and Climate Plan; 2) According to the investments indicated in line 43 - 1) and 2), investments indicated in line 44 - 2) and 3) 4) Preparation of CoM Regulation - on the EU Cohesion Policy Programme 2021 -2027 for the action "Sewage Sludge Recycling" of the Specific Aid Objective 2.2.2.3 (2025), approval of CoM Regulation (2025), implementation of the programme (2026-2028); 5) according to investments 1) and 2), indicated in line 43, investments 2) and 3) indicated in line 44 and investments 4)-17), indicated in line 45.	concluded project contract, the Modernisation Fund - according to the implementation deadline set in each call for proposals and the project implementation deadline set in each concluded project contract.							

9.1.8 Energy and energy efficiency

The measures included in this policy area are also closely linked to the EU's shared priority of energy security. Promotion of security of energy supply is planned within the framework of the measures included by ensuring synchronisation with the Central European energy system, increasing the share of renewable energy sources in final energy consumption and reducing dependence on fossil fuels.

The measures included in the Latvian FSP are also implemented with the aim of promoting energy efficiency, including improvement of energy efficiency of multi-apartment buildings and transition to renewable energy technologies, improvement of the energy efficiency in residential buildings, including by developing the ESCO market (multi-apartment, private and small apartment building complexes), improvement of the energy efficiency in

public buildings and historic buildings. Measures are also planned to promote energy efficiency in cultural infrastructure and business, including a transition to use of renewable energy technologies for heating.

It is also planned to modernise electricity transmission and distribution networks, promote the use of renewable energy and improve energy efficiency in industry and business, as well as implement business “greening” and product development measures by promoting improvement of energy efficiency and introduction of energy-efficient technologies in enterprises, improve municipal buildings and infrastructure by promoting the transition to renewable energy technologies and improving energy efficiency.

In the ports of Liepāja and Ventspils, it is planned to create a shore power connection for Ro-Ro passenger vessels to reduce dependence on fossil fuels.

Most of the above measures are implemented within the framework of the EU Fund support programmes and the Latvian RRF plan.

9 Table. Reforms and investments, policy area: Energy and energy efficiency

Name of measure (incl. reform/investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
Synchronisation with the Central European power system	Promoting energy security	1) 2024 CoM Regulation No. 432 Investment 7.1.1.1.i. "Synchronisation of the electricity transmission system" of the EU RRF plan reform 7.1.1 "Transformation of the energy sector" was approved on 5 July 2024; 2) Implementation of electricity transmission system synchronisation projects under CEF funding.	2024-2025	1) 60.34 million; RRF 2) 107.8 million; MFF (CEF)	MoCE	RRF+ MFF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovation and infrastructure
Increasing the share of renewable energy in final energy consumption	Reducing dependence on fossil fuels	1) Approval of the National Energy and Climate Plan; 2) Improvement and development of the regulatory framework, simplification of authorisation procedure for renewable energy projects (2024-2025); 3) Renewables <i>go-to territories</i> mapping (2024-2025); 4) Preparation of CoM Regulation - on the EU Cohesion Policy Programme 2021 -	For the EU fund actions (2025 - 2029), <i>REPowerEU</i> (2024 - 2026), the Social Climate Fund (2026	4) For the investment 2.1.2: 21.5 million; 5) For the investment 2.1.1.3: 55.8 million; 6) 72.9 million; 7) 1.5 million; 8) For the Social Climate Fund: 463.7 million; 9) according to the	MoCE	RRF+ MFF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
		<p>2027 of the Specific Aid Objective 2.1.2 "Promotion of renewable energy - biomethane" (Q3 2024), approval of CoM Regulation (Q4 2024), programme implementation (2025-2027);</p> <p>5) Preparation of CoM Regulation - on the EU Cohesion Policy Programme 2021 - 2027 of the Specific Aid Objective Action 2.1.1.3 "Use of RES and improvement of energy efficiency in district and individual heating and cooling supply" (Q3 2024), approval of CoM Regulation (Q4 2024), programme implementation (2025 - 2027);</p> <p>6) 2024 CoM Regulation No. 432 Investment 7.1.1.2.i. "Modernisation of the electricity transmission and distribution networks" of the EU RRF plan reform 7.1.1 "Transformation of the energy sector" was approved on 5 July 2024;</p> <p>7) 2024 CoM Regulation No. 432 Investment 7.1.1.3.i. "Increasing the share of biomethane in final consumption" of the EU RRF plan reform 7.1.1 "Transformation of the energy sector" was approved on 5 July 2024;</p> <p>8) Development of the regulatory framework for the Social Climate Fund (2025), development of the Social Climate Plan (2025), implementation of investments (2026 -2032);</p> <p>9) CoM Regulation No. 35 of 12 January 2016 "Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool "Reduction in Greenhouse Gas Emissions in Architectural Monuments of National Importance"" - implementation of projects under the</p>	<p>- 2032), the Emission Allowance Auctioning Tool - according to the implementation deadline set in each public call for proposals and the project implementation deadline set in each concluded project contract, the Modernisation Fund - according to the implementation deadline set in each call for proposals and the project implementation deadline set in each concluded project contract.</p>	<p>funding foreseen for the implementation of the signed project contracts but not yet disbursed;</p> <p>10) 6 million;</p> <p>11) the total funding of the financial instrument available under the call for proposals (including the funds already disbursed under the concluded project contracts) - 45 million;</p> <p>12) according to the funding foreseen for the implementation of the signed project contracts but not yet disbursed;</p> <p>13) 2 million;</p> <p>14) 20 million;</p> <p>15) funding for implementation of each public call for proposals will be determined while developing the regulations of the call for proposals;</p> <p>16) 26.8 million;</p> <p>17) funding for the implementation of the call for proposals will be determined through the</p>						e; 13 Climate action

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
		<p>second round of the selection of project proposals, announced in 2022, continues;</p> <p>10) CoM Regulation No. 333 of 12 June 2018 “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions through Smart Urban Technologies”” - announcement of the second round of the selection of project proposals in August 2024;</p> <p>11) CoM Regulation No. 150 of 1 March 2022 “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions in Households - Support for the Use of Renewable Energy Sources”” - implementation of the activities to be supported under the call for proposals until 31 December 2024 or while the funding under the call for proposals is available;</p> <p>12) CoM Regulation No. 454 of 14 July 2022 “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions in Municipal Public Lighting Infrastructure”” - implementation of projects under the selection of project proposals, announced in 2022, continues;</p> <p>13) Preparation of CoM Regulation “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Promoting Public Awareness of the Importance and Opportunities of Climate Neutrality and Climate Resilience””, approval of CoM Regulation - Q3 2024, announcement of the</p>		development of regulations of the call for proposals.						

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
		<p>selection of project proposals - Q4 2024; 14) Preparation of CoM Regulation “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions in the Buildings of the Ministry of the Interior System Institutions and Municipal Police Institutions””, approval of CoM Regulation - Q3/Q4 2024, announcement of the selection of project proposals - Q4 2024; 15) Preparation of CoM Regulation - Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool for the Period Until 2028; 16) Preparation of CoM Regulation “Regulations of the Public Call for Proposals Funded by the Modernisation Fund “Promotion of the Use of Renewable Energy Sources in Multi-apartment Buildings, State And Municipal Buildings, including Support for the Development of Infrastructure Related to Their Operation””, approval of CoM Regulation - Q4 2024/Q1 2025, announcement of the selection of project proposals - Q1/Q2 2025; 17) Preparation of CoM Regulation “Regulations of the Public Call for Proposals Funded by the Modernisation Fund “Improvement of Energy Efficiency and Promotion of the Use of Renewable Energy Resources for Traders in the Processes of Energy Distribution, Transmission and Production”” (the title of CoM Regulation may be clarified during the development process), approval of CoM Regulation - 2025, announcement of the selection of project proposals - 2025;</p>								

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
		18) accordingly: CoM Regulation No. 896 of 21 December 2021 “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions in the Transport Sector - Support for the Purchase of Emission-free and Low-emission Vehicles”” - implementation of activities to be supported under the call for proposals until 31 December 2024 or while the funding under the call for proposals is available; Preparation of CoM Regulation “Regulations of the Public Call for Proposals Funded by the Modernisation Fund “Increasing Energy Efficiency in the Transport Sector - Support for the Introduction of Electric Vehicles and Their Charging Infrastructure””, approval of CoM Regulation - Q3 2024, announcement of the selection of project proposals - Q4 2024.								
Promoting energy efficiency	Reducing dependence on fossil fuels; improving energy efficiency in the public and private sectors	1) Approval of the National Energy and Climate Plan; 2) Development and adoption of the legal framework for the transposition of the Energy Efficiency Directive (2024-2025) 3) Implementation of the NECP (National Energy and Climate Plan) (2024-2028) 4) accordingly: CoM Regulation No. 35 of 12 January 2016 “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions in Architectural Monuments of National Importance”” - implementation of projects under the second round of the selection of project proposals, announced in 2022, continues;	2024-2028		MoCE/ MoE		2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
		<p>CoM Regulation No. 333 of 12 June 2018 “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions through Smart Urban Technologies”” - announcement of the second round of the selection of project proposals in August 2024, deadline for submission of project proposals - 1 November 2024, deadline for implementation of the projects submitted under the call for proposals - according to the provisions of each concluded project contract;</p> <p>CoM Regulation No. 454 of 14 July 2022 “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions in Municipal Public Lighting Infrastructure”” - implementation of projects under the selection of project proposals, announced in 2022, continues;</p> <p>Preparation of CoM Regulation “Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool “Reduction in Greenhouse Gas Emissions in the Buildings of the Ministry of the Interior System Institutions and Municipal Police Institutions””, approval of CoM Regulation - Q3/Q4 2024, announcement of the selection of project proposals - Q4 2024, deadline for implementation of the projects approved under the call for proposals - according to the provisions of each concluded project contract;</p> <p>- according to the directions for the use of</p>								

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
		funding set out in the operational strategy of the Emission Allowance Auctioning Tool (under development) and the priorities set out in the National Energy and Climate Plan; Preparation of CoM Regulation “Regulations of the Public Call for Proposals Funded by the Modernisation Fund “Improvement of Energy Efficiency and Promotion of the Use of Renewable Energy Resources for Traders in the Processes of Energy Distribution, Transmission and Production”” (the title of CoM Regulation may be clarified during the development process), approval of CoM Regulation - 2025, announcement of the selection of project proposals - 2025, deadline for implementation of the projects approved under the call for proposals - according to the provisions of each concluded project contract.								
Investment 1.2.1.1.i. “Improvement of the energy efficiency of multi-apartment buildings and transition to renewable energy technologies”	Improvement of the energy efficiency and purchase and installation of renewable energy technologies (e.g., solar panels - use for self-consumption) in multi-apartment buildings	1 Agreement of the apartment owners on their participation in the programme and development of technical documentation. 2 Project proposal to Altum. 3 Altum adopts an initial opinion on the reservation of the capital discount. 4 Suppliers are selected. 5 Altum clarifies the capital discount based on the estimate. 6 Loan application. 7 Altum's decision to grant a loan or a guarantee and a capital discount. 8 Contracting. 9 Construction works. 10 Receiving support.	31 August 2026	57,282,000 EUR (100% RRF funding)	MoE	RRF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
Action 2.1.1.1 “Improvement of the energy efficiency in residential buildings, including by developing the ESCO market (multi-apartment, private and small apartment building complexes)”	Improvement of the energy efficiency and purchase and installation of renewable energy technologies (e.g., solar panels - use for self-consumption) in multi-apartment buildings	The action is currently under development. CoM approval planned for Q4 2024	31 December 2029	173,218,155 EUR (85% funding from the EU funds and 15% - national co-funding)	MoE	MFF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action
Action 2.1.1.4 “Improvement of the energy efficiency in public buildings” and Action 2.1.1.7 "Optimisation of infrastructure in public institutions”	Improvement of the energy efficiency and purchase and installation of renewable energy technologies in public buildings	The action is currently under development. CoM approval planned for Q4 2024	31 December 2029	For Action 2.1.1.4 - 101,696,160 EUR and for Action 2.1.1.7 - 13,050,000 (85% funding from the EU funds and 15% - national co-funding)	MoE	MFF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action
Investment 1.2.1.4.i. “Improvement of the energy efficiency in public sector buildings, including	Improvement of the energy efficiency and transition to renewable energy resources in public sector buildings	1 Selection of beneficiaries through a closed selection round. 2 Conclusion of contracts/agreements of the beneficiaries with the CFCA for the development of construction intent documentation. 3 Procurements for the development of construction intent documentation. 4 Development, approval, assessment of the	1 March 2026	23,956,000 EUR (RRF funding) and 4,779,222 EUR (state budget)	MoE/MoC	RRF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
historic buildings”	providing cultural function, including in historic buildings (reduced total primary energy consumption, promoted transition to use of renewable energy sources for energy production, and reduced greenhouse gas emissions)	construction intent documentation by the MoE/MoC. 5 Decision on the beneficiaries within the framework of projects of which construction will be carried out to provide energy efficiency improvement actions. 6 Construction.								infrastructure; 13 Climate action
Action 2.1.1.8 "Actions promoting energy efficiency actions in cultural infrastructure"	Improvement of energy efficiency and transition to renewable energy resources, in public buildings where cultural function is provided (reduction in total primary energy consumption achieved)	The action is currently under development. CoM approval planned for Q4 2024	31 December 2029	34,800,000 EUR (85% EU funding and 15% national co-funding)	MoE/MoC	MFF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action
Action 1.2.1.2.i.1 "Improvement	Investments in the improvement of	1 Preparation for participation in the aid programme. 2 Application for a support programme	31 August 2026	80,586,000 EUR (100% RRF funding)	MoE	RRF	2019(3); 2020(3); 2022(4);	3 Energy security		7 Affordable and

Name of measure (incl. reform/investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
of energy efficiency in business (including transition to renewable energy technologies in heating)"	energy efficiency in business, development of renewable energy technologies and rational use of energy resources (reduced negative impacts on the environment and climate change, promoted sustainable and environmentally friendly business development	(selection round). 3 If the application is approved in the selection round - loan/parallel loan application. 4 If the loan is granted - implementation of the project. 5 If the project results are achieved - application of capital allowance.					2023(4); 2024(4)			renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action
Investment 1.2.1.5.i. "Modernisation of the electricity transmission and distribution networks"	Investments to ensure reform of the electricity transmission and distribution modernisation (improved IT solutions, reinforcement of the distribution system and transmission infrastructure (including the	1 Selection of beneficiaries under a restricted selection procedure. 2 Conclusion of contracts with beneficiaries. 3 Procurements made by the beneficiary for the implementation of the supported actions. 4 Construction works, IT systems development.	31 May 2026	80,000,000 EUR (100% RRF funding)	MoE	RRF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovation and infrastructure

Name of measure (incl. reform/investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
	electricity grid and buildings), development of an adequate and efficient electricity grid infrastructure to connect electric vehicles and distributed generation)									
Action 2.1.1.2 "Use of RES and improvement of energy efficiency in industry and business" and Action 6.1.1.4 "Business "greening" and product development actions by promoting improvement of energy efficiency and introduction of energy-efficient technologies in enterprises"	Investments in the improvement of energy efficiency, smart energy management and renewable energy resources in industry and economic operators, as well as ensuring transition to climate-neutral economy for economic operators in the most affected regions	The action is currently under development. CoM approval planned for Q1 2025	31 December 2029	For Action 2.1.1.2 - 43,180,956 EUR and for Action 6.1.1.4 - 41,528,059 (85% funding from the EU funds and 15% - national co-funding)	MoE	MFF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action
Improvement of municipal buildings and infrastructure by	Investments in climate targets to improve the energy	1) Approval of CoM Regulation (08.11.2022); 2) Implementation of the public selection (20.01.2023 -22.06.2023) and the additional	01.02.2020-31.12.2025.	29.3 million RRF	MoSARD /CFCA	RRF (CID Annex - investme	2019(3); 2020(3); 2022(4);	3 Energy security		7 Affordable and renewable

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
promoting the transition to the use of renewable energy technologies and improving energy efficiency	efficiency of municipal buildings and infrastructure, thereby reducing annual primary energy consumption and achieving energy savings by implementing the most effective greenhouse gas emission reduction actions to improve the energy efficiency and thermal performance of municipal buildings. Objectives to be achieved and milestones: 1) by 31.12.2022, CoM Regulation on the investment enters into force; 2) by 31.12.2024, contracts in the	call (28.09.2023 -28.12.2023); 3) Conclusion of contracts and implementation of projects.				nt 1.2.1.3.i under "COMPONENT No. 1 CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY")	2023(4); 2024(4)			energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
	amount of at least 27,838,800 EUR have been awarded; 3) by 31.12.2025, primary energy consumption in municipal buildings and infrastructure has been reduced by at least 4,544,563 kWh/year.									
Improvement of the energy efficiency of municipal buildings (Programme 2.1.1.6 (all 3 classes, incl. 3rd class in terms of flexibility funding indicators and finances))	Investments to promote the green transition to improve the energy efficiency of municipal buildings and directly related infrastructure thereto within the framework of Round 1 of the action, in order to reduce annual primary energy consumption and save energy by introducing the most efficient actions	<p>For Round 1:</p> <p>1) Approval of CoM Regulation (16.07.2024);</p> <p>2) Approval of the of the exception of the evaluation criteria of project proposals with regard to the application of the single criteria and single selection criteria in the EU Funds Supervisory Committee (23.04.2024);</p> <p>3) Commencement of the restricted selection (Q3 2024);</p> <p>4) Conclusion of contracts and implementation of projects.</p> <p>For Round 2:</p> <p>1) Development of CoM Regulation and commencement of harmonisation on the TAP (30.07.2024);</p> <p>2) Approval of CoM Regulation (Q4 2024);</p> <p>3) Examination of the evaluation criteria of project proposals by the Thematic Sub-</p>	01.01.2021-31.12.2027	<p>For Round 1:</p> <p>3 million ERDF; 0.5 million national funding (municipal budget, private funding)</p> <p>For Round 2:</p> <p>6.5 million ERDF; 3.5 million national funding (municipal budget, private funding)</p> <p>For Round 3:</p> <p>13 million ERDF (incl. 9.6 million flexibility funding); 2.3 million national funding (incl. 1.7 million flexibility funding)</p>	MoSARD /CFCA	MFF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action

Name of measure (incl. reform/ investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
	to improve the energy efficiency and thermal performance of municipal buildings, whereas, within the framework of Round 2 of the action - to improve the energy efficiency of infrastructure for public water services by reducing annual primary energy consumption and increasing the use of technologies requiring renewable energy resources. Achievable results: 1) public buildings with improved energy efficiency in the area of at least 27,454 m2; 2) additional renewable	Committee (25.07.2024); 4) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (September 2024); 5) Commencement of the public selection (Q4 2024); 6) Conclusion of contracts and implementation of projects. <u>For Round 3:</u> 1) Development of CoM Regulation and commencement of harmonisation on the TAP (Q1 2026); 2) Approval of CoM Regulation (Q2 2026); 3) Examination and approval of the evaluation criteria of project proposals by the Thematic Sub-Committee (25.07.2024, Q1 2026); 4) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (Q2 2026); 5) Commencement of the public selection (Q3 2024); 6) Conclusion of contracts and implementation of projects.								

Name of measure (incl. reform/investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
	energy generation capacity of at least 2 MW; 3) reduction of total primary energy consumption of at least 1,400 MWh/year.									
Establishment of shore power connections for service of Ro-Ro passenger ships in the Port of Liepāja	Reducing dependence on fossil fuels	The Liepāja Special Economic Zone Authority will provide shore power supply within the framework of the Connecting Europe Facility (hereinafter referred to as - CEF) project "Providing safe berthing of Ro-Ro ferries in the Port of Liepāja" (project acronym 22-LV-TG-LPXRORO, subject ID - CEF-T-2022-COMPGEN-MARP-WORKS, project No. 101122785).	As at 31 December 2027,	CEF funding assigned for the implementation of the project amounts to 6,927,015 EUR, funding assigned from the state budget - 300,000.	LSEZ Authority, MoCE, MoT		2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	Meeting the target indicators defined in Article 9 of Regulation (EU) 2023/1804 of the European Parliament and of the Council of 13 September 2023 on the deployment of alternative fuels infrastructure with regard to shore-side electricity supply in seaports;		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action

Name of measure (incl. reform/investment) title	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Energy and Energy Efficiency										
								3 Energy security		
Establishment of shore power connections for service of Ro-Ro passenger ships in the port of Ventspils	Reducing dependence on fossil fuels	The Port of Ventspils plans to establish a shore power connection for Ro-Ro passenger ships at No. Pier 16 by 2028. Total number of connections from 2 to 3 (number of connections will be clarified during the projecting). Total capacity of the connections - 4,000 kW.	2028	Funding from action 3.1.1.6 "Development of public infrastructure in large ports". Source of funding: as a part of project of the SAM action 3.1.1.6 "Development of public infrastructure in large ports" with approximately 2.55 million EUR EU co-financing and around 0.45 million EUR from the Freeport of Ventspils Authority.	FVA, MoCE, MoT	MFF	2019(3); 2020(3); 2022(4); 2023(4); 2024(4)	Meeting the target indicators defined in Article 9 of Regulation (EU) 2023/1804 of the European Parliament and of the Council of 13 September 2023 on the deployment of alternative fuels infrastructure with regard to shore-side electricity supply in seaports; 3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action

9.1.9 Affordable housing

Within the framework of the affordable housing policy area, the Latvian FSP foresees three main measures related to the establishment of a financing fund for the construction of low-rent housing, accessibility of social housing for particularly disadvantaged persons and support measures to

ensure accessibility of the housing environment for persons with disabilities. These measures are implemented within the framework of the EU funds support programme and the Latvian RRF plan.

9 Table. Reforms and investments, policy area: Affordable housing

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Affordable Housing										
Establishing a financing fund for the construction of low-rent housing	Promote access to low-rent housing that meets building standards and energy efficiency requirements for households in regions that cannot afford market housing due to insufficient income	Programme implementation: 1) Q4 2024. - Projects approved for construction of 300 apartments in total 2) Q3 2026. - Projects approved for construction of 467 apartments in total 3) Q3 2026. - 300 apartments built	2022 - 2026	42,900,000 (RRF) 9,000,000 (other - Altum repayment funding)	MoE	RRF	2019(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities
Access to social housing for particularly disadvantaged people	To ensure access to housing conforming to decent living conditions for the lowest income groups and to reduce queues in municipalities for renting such housing	Programme implementation: 1) The 1st selection round concluded Q1 2024; 2) The 2nd selection round will be announced around the first half of 2025 after the approval of the amendments to the Operational Programme by the European Commission	2022 - 2029	51,765,000 (ERDF) 9,135,001 (SB)	MoE	MFF	2019(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Social protection and inclusion	1 Poverty alleviated; 9 Manufacturing, innovations and infrastructure; 10 Reduced inequality; 11 Sustainable cities and communities
Support actions to ensure accessibility of the housing environment for	Provide support for the adaptation of housing for 259 persons with disabilities who have	RRF 3.1.2.1.i, Round 2 investments (within the framework of CoM Regulation No. 512 of	2023-2026 Half-year I	RRF funding 4,739,441 EUR, state	MoW local governments	RRF		2 Social and economic resilience,	Social protection and inclusion	1 Poverty alleviated; 9 Manufacturing, innovations

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Affordable Housing										
persons with disabilities	reduced mobility, improve employment opportunities and access to services, thereby contributing to quality of life and respect for human rights	05.09.2023): 1 By 31 March 2024 - selection of a specific target group to improve the physical accessibility of housing. 2 By 31 March 2025 - conclusion of procurement contracts for actions aimed at accessibility of housing for people with disabilities. 3 By 30 June 2026 - ensured accessibility to housing environment for 259 persons with disabilities.		budget funding 995,283 EUR (VAT)				incl. European Pillar of Social Rights		and infrastructure; 10 Reduced inequality; 11 Sustainable cities and communities

9.1.10 Transport sustainability

To ensure the sustainability of transport, Latvia's FSP measures focus mainly on improving rail infrastructure, including implementation of the *Rail Baltica* project, modernisation of railway stations and stops, construction of elevated platforms and railway lines, including electrification, purchase of zero-emission battery trains, development of a unified public transport ticket information system.

Measures to green transport energy are also planned, both to diversify imports of fossil fuels and to reduce dependence on fossil fuels. The measures included in the Latvian FSP also provide for the purchase of zero-emission vehicles for the implementation of municipal functions, provision of services and the use of zero-emission vehicles in municipalities.

The above measures will be implemented mainly within the framework of the EU fund support programmes, the Just Transition Fund and the Latvian RRF plan.

9 Table. Reforms and investments, policy area: Transport sustainability

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Sustainability of Transport										
<i>Rail Baltica</i> project implementation	The railway project with high strategic importance as it will improve military mobility in the region and contribute significantly to the security of the Baltic States by facilitating smoother military mobility and logistics for allied troops seeking to deploy in the region from their bases in Poland and Germany, and as part of the EU military network.	1 Completion of the detailed technical design of the mainline 2 Commencement of construction of the mainline 3 Development of the control-command and signalling subsystem 4 Electrification of railway line 5 Construction and construction supervision of Riga Central Station and Riga Airport Station	2014-2030	1,276 million (incl. 796 million EUR - EU funds, 480 million EUR (state budget))	MoT	MFF	2019(3); 2020(3); 2022(4); 2023(4)	2 Social and economic resilience, incl. European Pillar of Social Rights; 4 Building defence capabilities		9 Manufacturing, innovations and infrastructure; 10 Reduced inequality; 11 Sustainable cities and communities

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Sustainability of Transport										
Implementation of action 6.2.1.2 "Modernisation and construction of railway infrastructure" of the Specific Aid Objective 6.2.1 "Ensuring a competitive and environmentally friendly TEN-T railway network by promoting its safety, quality and capacity" of the priority axis "Sustainable transport system" of the Operational Programme "Growth and Employment" for the 2014-2020 EU funds programming period.	Number of stations with elevated platforms Total length of reconstructed or upgraded railway lines	45 stations and stops 100 km	06.2024	CF 95,325,588, LDz 16,822,163	SJSC (VAS) "Latvijas dzelzceļš", MoT	MFF	2019(3); 2020(3); 2022(4); 2023(4)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities
Implementation of the action 3.1.1.1 "Improvement of rail transport and energy efficiency in public passenger transport" and action 3.1.1.3 "Development of rail infrastructure in the trans-European transport network" of the Policy Objective 3 "A more Connected Europe through better mobility" of the EU Cohesion Policy Programme 2021-2027.	Length of new or upgraded railway track - TEN-T New or upgraded railway stations and stops	130 km 40 stations and stops	12.2029	CF - 305,182,445, LDz - 53,855,726	SJSC (VAS) "Latvijas dzelzceļš", MoT	MFF	2019(3); 2020(3); 2022(4); 2023(4)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovations and infrastructure; 10 Reduced inequality; 11 Sustainable cities and communities
Implementation of the actions related to 1.1.1.1.i.2 and 1.1.1.1.i.3 of the investment 1.1.1.1.i. "Competitive Rail	Length of electrified railway lines and upgraded existing railway lines for passenger transport	100 km	03.2026	RRF 72,700,000	SJSC (VAS) "Latvijas dzelzceļš", MoT	RRF	2019(3); 2020(3); 2022(4); 2023(4)	2 Social and economic resilience, incl. European		9 Manufacturing, innovations and

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Sustainability of Transport										
Passenger Transport in the Riga City Public Transport System” of reform 1.1.1.r. “Greening of the Riga Metropolitan Area Transport System” of the reform and investment axis 1.1 "Emission Reduction in the Transport Sector" of the EU RRF plan Component 1 "Climate Change and Environmental Sustainability"								Pillar of Social Rights		infrastructure; 10 Reduced inequality ; 11 Sustainable cities and communities
Purchase of emission-free battery trains	Purchase zero-emission battery trains to promote sustainable and diversified urban mobility	1) Procurement 2) Engineering supervision 3) Commissioning and operation	2025-2029	21,287,963 EUR, including funding from the European Regional Development Fund - 18,094,768 EUR and national funding - 3,193,195 EUR.	MoT	MFF	2019(3); 2020(3); 2022(4); 2023(4)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities; 13 Climate action
Development of a unified public transport ticket information system	Improve the functionality of the unified public transport ticket information system to: - comply with the principles of a modular technical solution and microservices	1) Procurement 2) IS improvement 3) Integration and e-services improvement 4) Introduction of unified ticketing	2025-2028	3,500,000 EUR, including funding from the European Regional Development Fund - 2,000,000 EUR and national funding - 1,500,000 EUR.	MoT	MFF	2019(3); 2020(3); 2022(4); 2023(4)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure;

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Sustainability of Transport										
	architecture, - be adapted to the principle of "mobility as a service", - be compatible and integrated with all the possible types of transport, - be adapted with the data re-use service components it contains and the requirements of the Latvian transport sector's national access point.									
Greening transport energy	Diversification of fossil fuel imports; Reducing dependence on fossil fuels	1) Development and adoption of the legal framework (Transport Energy Law and subordinate CoM Regulation) - 2024-2025; 2) CoM CoM Regulation No. 896 of 21 December 2021 "Regulations of the Public Call for Proposals Funded by the Emission Allowance Auctioning Tool "Reduction in Greenhouse Gas Emissions in the Transport Sector - Support for the Purchase of Emission-free and Low-emission Vehicles"" - implementation of activities to be supported	2024-2027	2) the total funding of the financial instrument available under the call for proposals (including the funds already disbursed under the concluded project contracts) - 15 million EUR - state budget (ECII) 3) 5 million EUR;	MoCE		2019(3); 2020(3); 2022(4); 2023(4)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights; 3 Energy security		7 Affordable and renewable energy; 9 Manufacturing, innovations and infrastructure; 13 Climate action

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Sustainability of Transport										
		under the call for proposals until 31 December 2024 or while the funding under the call for proposals is available; 3) Preparation of CoM Regulation “Regulations of the Public Call for Proposals Funded by the Modernisation Fund “Increasing Energy Efficiency in the Transport Sector - Support for the Introduction of Electric Vehicles and Their Charging Infrastructure””, approval of CoM Regulation - Q3 2024, announcement of the selection of project proposals - Q4 2024, time limit for the implementation of the projects approved under the call for proposals - as specified in each concluded project agreement;								
Purchase of zero-emission vehicles for local government functions and services	Investments to reduce inequalities, to improve the delivery of local government functions and services, focusing on the mobility of learners while	1) Approval of CoM Regulation (25.10.2022); 2) Implementation of the public selection (21.11.2022-28.02.2023) and the additional call (28.03.2023-28.06.2023); 3) Conclusion of contracts	01.02.2020-31.12.2025.	8.79 million RRF	MoSARD/C FCA	RRF (CID Annex - Investment 3.1.1.6.i under "COMPONENT	2019(3); 2020(3); 2022(4); 2023(4)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Sustainability of Transport										
	improving the accessibility of the school network, as well as to green public sector transport in Latvia by investing in zero-emission vehicles. Objectives to be achieved and milestones: 1) by 31.12.2022, local governments have adopted a support programme for the purchase of electric buses for the performance of municipal functions and related services; 2) by 31.12.2024, civil contracts or agreements on granting the right to implement projects for the purchase of zero-emission vehicles for the performance of local government functions and execution of the administrative tasks worth at least 8,300,000 EUR in total; 3) by 31.12.2025, 15 zero-emission electric vehicles	and implementation of projects.				No. 3 REDUCING INEQUALITIES")		Social Rights; 3 Energy security		and communities; 13 Climate action

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Sustainability of Transport										
	have been purchased and delivered to local authorities as beneficiaries of funding for municipal transport for learners.									
Promoting the use of zero-emission vehicles in municipalities (Programme (TPTP) 6.1.1.6 (without flexibility in funding indicators and finances))	Investments for local governments for the promotion of purchase of zero-emission vehicles, facilitating the transition to a climate-neutral economy. Achievable results: 1) at least 35 zero-emission vehicles purchased to implement municipal functions and provide services; 2) users of new or upgraded public transport - at least 301,786 annually.	1) Approval of CoM Regulation (23.01.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (16.11.2023); 3) Commencement of public selection (29.02.2024); 4) Conclusion of contracts and implementation of projects.	01.01.2021-31.12.2029	19.8 million TPF; 3.5 million national funding (municipal budget)	MoSARD/C FCA/local governments	MFF (JTF)	2019(3); 2020(3); 2022(4); 2023(4)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights; 3 Energy security		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities; 13 Climate action

9.1.11 Digital infrastructure

This Latvian FSP policy is also closely linked to the EU's shared priority of a just green and digital transition. Key measures under the Digital Infrastructure Policy Area include modernising government processes and services, implementation of reforms aimed at improvement of the efficiency and interoperability of the use of public ICT resources and the development of the economy's data and digital services economy, etc.

It is also planned to improve the electronic process of execution of pre-trial, trial and enforcement of rulings, which will reduce both pre-trial and trial periods, thus ensuring accessibility and openness of information. The main aim of the improvements is to make administrative, civil, criminal, administrative offence proceedings and ruling enforcement process faster, cheaper, more efficient, more transparent and safer.

It is planned to introduce the European Maritime Single Window System *ESWe* in Latvian ports in order to ensure that all Latvian ports have the same and harmonised rules with all other EU Member State ports regarding the provision of information required for a vessel to call at a port, in particular by ensuring that the same sets of data can be reported to the maritime single window system of each EU Member State in the same way and to the same extent, etc.

Latvia's FSP Digital Infrastructure Policy also plans to implement a measure to develop "last mile" infrastructure for broadband or very high performance networks.

The above measures will be implemented mainly within the framework of the EU Fund support programmes and the Latvian RRF plan.

9 Table. Reforms and investments, policy area: Digital infrastructure

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Digital Infrastructure										
Digital transformation of public administration, including local governments	1) Objectives of the reform "Modernisation and digital transformation of government processes and services": - modernise public administration services by digitally transforming them and focusing on important public administration functions, processes and services that have not yet been digitally transformed or are being newly developed or substantially strengthened; - provide for qualitative and quantitative service metrics as defined in the conceptual model of the public administration service	1 Approval of CoM Regulation - 14.07.2022 2) Approval of the Project Passport by the CoM - from 14.07.2022 3) Harmonisation of the ICT solution descriptions to be developed under the project from 14.07.2022 4) Conclusion of project implementation agreements and implementation of projects.	14.07.2022 - 31.08.2026	128.86 million	MoSARD	RRF	2019(3); 2020(3); 2021(1); 2022(1); 2023(1)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 16 Peace, justice, good governance

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Digital Infrastructure										
	<p>delivery system.</p> <p>2) Objectives of the reform "Improving the efficiency and interoperability of the use of public ICT resources":</p> <ul style="list-style-type: none"> - transform the approach to ICT provision in public administration by centralising in competence centres the provision of common ICT shared services in support of multiple institutions; - develop centralised public administration platforms, information systems and shared services and consolidate computing infrastructure services by automating and streamlining delivery processes to facilitate cross-border access to public administration services and consolidating public administration computing and data storage infrastructure services. <p>3) Objectives of the reform "Development of the economy's data and digital services economy":</p> <ul style="list-style-type: none"> - ensure the availability and sharing of public and private sector data and services, laying the foundations for the development of a data and platform economy, interoperability with European data spaces and 									

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Digital Infrastructure										
	data sharing within the EU; - develop the capacity of the different public sector sectors to manage, share and publish for re-use the datasets they hold.									
Investment 2.1.2.1.i “Centralised platforms and systems for administration” of the reform 2.1 and investment axis "Digital transformation of public administration, including local governments" of component 2 "Digital transformation" of the RRF plan	Digital transformation of public order and security processes, pre-trial and trial proceedings, ruling enforcement and supervisory processes, and related services, including the development of e-Justice. Improvements of the electronic pre-trial, trial and ruling enforcement process are foreseen, reducing both pre-trial and trial periods and ensuring accessibility and transparency of information. The main aim of the improvements is to make administrative, civil, criminal, administrative offence proceedings and ruling enforcement process faster, cheaper, more efficient, more transparent and safer.	The project aims to improve electronic case pre-trial, trial and ruling enforcement, ensuring information availability in the electronic domain to all the participants involved in the proceedings. Activities: 1) improvement of the existing E-file platform sharing solutions; 2) development of new E-file platform sharing solutions; 3) improvement of the Court Information System (CIS); 5) development of the E-file portal; 6) improvement of the State Probation Service Probation Client Accounting System (PLUS) and data exchange on the E-file platform; 7) development of the Prison Administration	04.08.2023-31.05.2026	RRF funding - 6,670,000 EUR; VAT 1,307,186 EUR (state budget)	MoJ/MoSARD	RRF	2019(3); 2020(3); 2021(1); 2022(1); 2023(1)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 16 Peace, justice, good governance

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Digital Infrastructure										
		system (IIS) and data exchange on the E-file platform; 8) development of the Register of State Ensured Legal Aid (RSELA) and the State Compensation Register (SCR) and data exchange on the E-file platform								
Action title: "Implementation of the European Maritime Single Window System ESWe".	Investments in promotion of digital transition: ensure that all Latvian ports have the same rules harmonised with all the other EU Member State ports for the provision of the information required for a vessel to call at a port, in particular by ensuring that the same data sets can be reported to the maritime single window system of each EU Member State in the same way and to the same extent, as well as facilitating the transfer of information between declarants, controlling authorities and port service providers at the port of call, in addition to information exchange with other Member States.	1) Pre-selection of the project and CoM approval (Q1 2025) 2) Project implementation (Q1 2025 - Q4 2027)	2024 -2027. g.	3.4 million EUR (ERDF)	MoT	MFF	2019(3); 2020(3); 2021(1); 2022(1); 2023(1)	1 Just green and digital transition		9 Manufacturing, innovation and infrastructure
Investment 2.4.1.2.i "Development of broadband or ultra-high performance "last mile" network	Promote investments in regional development and reduce regional disparities; provide access to broadband connections with ultra-high	1) Development of regulatory framework finalised in 2023. 2) 2024 project	2022-30.06.2026	16,500,000 EUR	MoT/ CFCA	RRF	2019(3); 2020(3); 2021(1); 2022(1); 2023(1)	1 Just green and digital transition; 2 Social and economic		9 Manufacturing, innovations and

Title of the measure (incl. reforms/investments)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Digital Infrastructure										
infrastructure" of the reform and investment axis "Digital Infrastructure Transformation" of the EU RRF plan 2.4	capacity networks to 6,200 households, businesses, hospitals, educational institutions, etc., proportionally in all planning regions.	selection and evaluation. 3) Indicatively in September 2024, CFCA will conclude contracts with the implementers of investment projects.						resilience, incl. European Pillar of Social Rights		infrastructure; 10 Reduced inequality ; 11 Sustainable cities and communities

9.1.12 Transition to a circular economy

The Latvian FSP provides support measures to introduce principles of circular economy and to promote the recycling of sewage sludge. Support to sustainable agricultural practices in farming to promote sustainable development and efficient management of natural resources such as water, soil and air is planned with the help of the EU funds, including by reducing dependence on chemicals (see also other measures to promote green transition, innovation, etc.).

9 Table. Reforms and investments, policy area: Transition to a circular economy

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Transition to Circular Economy										
Support for the promotion of circular economy	Introducing the principles of the circular economy and promoting the recycling of sewage sludge	1) Preparation of CoM Regulation for the implementation of Action 2.2.2.3 "Sewage Sludge Recycling" of the EU Cohesion Policy Programme 2021-2027 (Q4 2025), approval of CoM Regulation (Q4 2025),	2026 - 2029	1) for investment 2.2.2.3 - 27,233,743 5) for investment 2.2.2.4 - 11,764,706	MoCE	MFF	2024(4)	1 Just green and digital transition		6 Clean water and sanitation; 13 Climate action

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Policy Area - Transition to Circular Economy										
		investment implementation (2026-2029). 2) Preparation of CoM Regulation for the implementation of Action 2.2.2.4 "Implementation of the Principles of the Circular Economy" of the EU Cohesion Policy Programme 2021-2027 (Q4 2025), approval of CoM Regulation (Q4 2025), investment implementation (2026-2029).								
Support for sustainable agricultural practices in farming	Promote sustainable development and efficient management of natural resources such as water, soil and air, including by reducing dependence on chemicals. 75% of the areas applied for support are managed with sustainable practices	1) Development and approval of laws and regulations for the transition period 2020-2021 2) Development of the CAP SP 2023-2027 and harmonisation thereof with the EC 2) Development and approval of laws and regulations (2023 - 2024) 3) Implementation of support actions from 2023-2029	2023-2029	803.81 million EUR (EU funds; EU co-funding (EAGF, EAFRD) - 691.73 million EUR; LV co-funding - 112.08 million EUR)	MoA/RSS; SPPS (State Plant Protection Service)	MFF	2024(4)	1 Just green and digital transition		6 Clean water and sanitation; 13 Climate action; 14 Life in the water; 15 Life on Earth
See also other measures promoting the transition to a circular economy, e.g. investments to support the green transition, etc.										

9.1.13 Public administration efficiency

The Latvian FSP includes various measures to improve the efficiency of public administration. Measures include both improvement of the efficiency of public administration (e.g., by setting up a performance monitoring system for public administrations, improving the internal control system, developing a single information portal to provide publicly accessible information on public administration performance, etc.), as well as improving the

governance and efficiency of state and municipal capital companies (e.g., by improving the amount of information available to the public, reducing conflicts of interest and publishing binding information, improving the supervision and efficiency of state capital companies, implementing OECD guidelines, improving the supervision of municipal capital companies, etc.).

It is also planned to improve the regulation on the prevention of conflict of interest by providing training to judges on corruption issues, as well as to get acquainted with the Nordic experience in combating corruption, to use artificial intelligence to reduce corruption risks in public procurements and to implement other measures.

9 Table. Reforms and investments, policy area: Public administration efficiency

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	EU common priorities	Europe an Pillar of Social Rights	UN SDG
Policy Area - Public Administration Efficiency										
Improvement of the efficiency of public administration	The first action line "Unified and Efficient Public Administration" of the Modernisation Plan for Public Administration 2023-2027 (approved by the CoM CoM decision No. 240 of 8 May 2023) provides for that the improvement of the efficiency and effectiveness of public administration will be promoted through the implementation of the following actions: 1 Established performance monitoring system for public administration authorities, with the aim of further regular assessment of the performance of public administration authorities in areas such as human resources, expenditure, data-driven policy-making and service provision; 2 Improved internal control	1 Information on making the institutional processes more efficient has been integrated into the authorities' strategies and annual reports; 2 2.1 Conduct an assessment of the internal control system; 2.2 Continue to carry out simultaneous internal audits of similar processes in line with the risk assessment in the relevant line authorities; 2.3 Ensure mutual cooperation and, where possible, interdepartmental internal teams; 3. A single information portal on government performance and policy results is up and running.	1 2023-2024 2 2024-2025 3 2024-2025	Task 1 is carried out within the framework of the existing funding; Task 2 is carried out within the framework of the existing funding; within the framework of Round 1 of the project 3 - indicatively 250,000	1 State Chancellery, MoF 2 MoF, State Chancellery 3 State Chancellery, MoF	3 X	2019(4)		Fair working conditions	8 Decent work and economic growth; 16 Peace, justice, good governance

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	EU common priorities	European Pillar of Social Rights	UN SDG
Policy Area - Public Administration Efficiency										
	system to carry out priority internal audits on making the institutional processes more efficient and the achievement of nationally important objectives and interdepartmental internal audits; 3 A single information portal has been developed to provide the public with accessible information on public administration performance.									
Governance and improvement of the efficiency of state capital companies	1 Improve the amount of information available to the public; 2 Reduce conflicts of interest and publish binding information; 3 Improve the oversight and efficiency of state capital companies by implementing OECD guidelines	1 Amendments to the law (2020-2024); 2 Amendments to CoM Regulation (2020, 2022); 3 Guidelines developed (2020-2024)	1-3 2019-2024	within the institution's budget	State Chancellery		2019(4)			16 Peace, justice, good governance
Management and improvement of the efficiency of municipal capital companies	1 Improve the amount of information available to the public; 2 Improve the supervision of municipal capital companies	1 Amendments to the law (2020-2024) 2 Guidelines developed (2020-2024)	1-2 2019-2024	within the institution's budget	MoSARD, State Chancellery		2019(4)			16 Peace, justice, good governance
Improvement of the framework for prevention of the conflict of interest	Provide training for judges on corruption issues	1) The 2024 training programme includes also training on the issues identified in the "Current MLTPF risks in the National Risk Assessment. MLTPF risks in real estate transactions". 2) The	2024-2028	Funding for the training, which is still provided for 2024, approximately 4,000 EUR.	JA/"Justice Academy" project	RRF	2019(4)			16 Peace, justice, good governance

Name of measure (incl. reform/ investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	EU common priorities	European Pillar of Social Rights	UN SDG
Policy Area - Public Administration Efficiency										
		following <u>potential training topics</u> are included in the Judicial Academy's programme "Professional Development for Experienced Judges": - criminal cases concerning property criminal offences, which may constitute a predicate offence for Section 195 of the CC; - current issues on money laundering; - prevention of money laundering in administrative proceedings; - corruption offences.		Funding for 2025 cannot be provided at this stage, as it is still in the calculation process. It is also not possible to indicate the funding for the other years at the moment, as these will be calculated one year in advance. Source of funding - RRF.						
Learning from Iceland's experience as a small state in the fight against corruption	To learn about Iceland's experience in preventing corruption, including the legal framework for prevention of the conflict of interest, its application, application problems and possible solutions, the corruption risk prevention/mitigation system, integrity promotion actions, and involvement of private sector in the prevention of corruption. (improve the anti-corruption system in Latvia, including by improving the conflict of interest risk management, corruption risk management system, contribute to	In-person visit to Iceland	2025	5,954 EUR (funding of the EEA financial instrument)	KNAB		2019(4)			16 Peace, justice, good governance

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	EU common priorities	European Pillar of Social Rights	UN SDG
Policy Area - Public Administration Efficiency										
	reducing the risks of political corruption and increase involvement of private sector in the prevention of corruption.)									
Learning from Norway's experience as a country with traditionally high scores on various corruption measurements	Learn from Norwegian experience on conflict of interest risk management, corruption risk management system in institutions and state-owned enterprises, problem of political corruption and ways to tackle it, strategic analysis-based planning of anti-corruption activities at national level and involvement of private sector in the prevention of corruption. (improve the anti-corruption system in Latvia, including by improving the conflict of interest risk management, corruption risk management system, contribute to reducing the risks of political corruption and increase involvement of private sector in the prevention of corruption.)	In-person visit to Norway	2025	4,814 EUR (funding of the EEA financial instrument)	KNAB		2019(4)			16 Peace, justice, good governance
Expert think tank "How to mitigate corruption risks in the use of military funding"	Using the experience of Norwegian and Icelandic experts - develop new and effective solutions to identify and mitigate corruption risks in the use of military funding.	Expert think tank - ideas hackathon: It is planned to develop solutions for identifying and mitigating corruption risks in the use of military funding through the use of the experience of Norway and Iceland. A total of 30 participants from	2025	24,880 EUR (funding of the EEA financial instrument)	KNAB		2019(4)	4 Building defence capabilities		16 Peace, justice, good governance

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	EU common priorities	European Pillar of Social Rights	UN SDG
Policy Area - Public Administration Efficiency										
		Latvia, Norway and Iceland, divided into teams, will create and present ideas on how to identify and effectively mitigate corruption risks in the use of funds allocated to the military sector within 48 hours.								
Using artificial intelligence to reduce corruption risks in public procurements	Find MI-based solutions to identify and mitigate corruption risks in public procurements, using not only Latvian experience in developing MI solutions, but also donor country approaches and solutions.	Ideas hackathon: It is planned to develop solutions for identifying and mitigating corruption risks in the public procurements through the use of the experience of Norway and Iceland. A total of 30 participants from Latvia, Norway and Iceland, divided into teams, will create and present ideas on how to reduce the human factor in public procurement processes by using AI-based solutions, thus significantly reducing corruption risks.	2025	24,880 EUR (funding of the EEA financial instrument)	KNAB		2019(4)			16 Peace, justice, good governance

9.1.14 Other reforms and investments to implement common EU priorities

This section includes information on other measures, reforms and investments linked to common priorities approved at EU level. Given that part of the measures and policy areas overlap (e.g., the energy security priority), information on the measures should also be provided in other sections of Chapter 9 and Table 9 of the Latvian FSP. For example, **reforms and investments on the priority for energy security are reflected in the Energy and Energy Efficiency policy area of the Latvian FSB.**

Just green and digital transition

The measures under this priority plan to ensure adaptation of municipalities to climate change, implement flood and coastal erosion measures of national importance, improve waste sorting, recycling and recovery, ensure separate waste collection, implement environmental education measures for

public awareness and skills development, implement measures to promote and preserve biodiversity, ensure development of environmental monitoring for harmonised environmental and climate data information, implement measures to reduce air pollution in municipalities, etc. Besides, it is planned to implement an measure to abandon use of peat for energy through the Just Transition Fund.

Under this common EU priority, measures and investments are also included that will ensure the development of ICT solutions and services and create opportunities for the private sector. Investments are also earmarked for the development of public open space in urban functional areas to improve the quality of the living environment and increase public safety, as well as investments to promote the development of smart municipalities by introducing smart solutions to ensure the performance of municipalities' autonomous functions and related administrative tasks.

The Just Transition Fund will support the development of public infrastructure needed for business, promoting the transition to a climate-neutral economy, for restoration of habitats or wetland ecosystems of EU importance, etc.

It also plans to strengthen the capacity of rescue services, in particular by modernising the infrastructure and material and technical base of the State Fire and Rescue Service, and to implement disaster risk reduction measures, etc.

In the field of education, it is planned to implement EU funding support programmes, such as climate-neutral solutions in the curricula of vocational educational institutions and colleges, the environment and infrastructure, to perform digitisation of scientific activities and implement other measures (see also other policies in Table 9 of the Latvian FSP).

Social and economic resilience, incl. European Pillar of Social Rights

The measures under this priority provide for to ensure the development of infrastructure in pre-school educational institutions with the aim of, inter alia, ensuring equal access to pre-school education services in municipalities, providing childcare services.

It is also planned to improve access to legal aid, with the aim of establishing a developed system of state-provided legal aid, expanding access to the justice system for vulnerable persons, providing timely and accessible legal aid to prevent cases where the failure to address legal issues negatively affects the social and economic situation of the population and exposes them to the risk of poverty and/or social exclusion.

In order to strengthen resilience of the economy, the Latvian FSP foresees a number of measures in the field of research and innovation, such as structural changes in higher educational institutions and research institutes, implementation of the EU funding support programme for post-doctoral research, translational research, implementation of measures planned under the Smart Specialisation Strategy (RIS3), innovation grant and doctoral grant support programmes and other measures (see also other policy areas included in the Latvian FSP Table 9).

Building defence capabilities

In order to strengthen defence capabilities, the plan is to develop a set of activities of the National Armed Forces primarily aimed at overcoming national threats.

9 Table. Reforms and investments, policy area: Other reforms and investments to implement common EU priorities

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
Just green and digital transition										
Adaptation of municipalities to climate change (Programme Round 1; no flexibility in funding indicators and finances for Round 2))	Investments for the promotion of green transition to support infrastructure creation and renovation activities aimed at adaptation of municipalities to climate change and reduction of climate change-caused disaster risk. Achievable results: 1) Actions implemented in 10 national and local strategies focusing on climate change adaptation; 2) 21 ha area of green infrastructure created or upgraded to adapt to climate change; 3) Protection of shoreline and river banks, and lake coasts against the flood newly created or reinforced.	1) Approval of the CoM Regulation (07.05.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (22.11.2023); 3) Launch of the public selection (26.06.2024); 4) Conclusion of contracts and implementation of projects.	01.01.2021-31.12.2027	29.5 million EUR ERDF; 5.2 million EUR national funding (municipal budget, private funding)	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities; 13 Climate action
Flood and coastal erosion actions of national importance (Programme Round 2.1.3.2 (no flexibility funding planned))	Investments for the promotion of green transition to renovate, rebuild and construct infrastructure in flood risk areas of national importance which prevents flood risk, reduce flooding and coastal erosion. Achievable results: 1) Protection of shoreline	<u>For Round 1:</u> 1) Approval of the CoM Regulation (27.06.2023); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (30.06.2023); 3) Commencement of the restricted selection (24.07.2023); 4) Conclusion of contract and project implementation.	<u>For Round 1:</u> 01.01.2023-31.12.2025 <u>For Round 2:</u>	<u>For Round 1:</u> 14.4 million EUR ERDF; 2.5 million national funding (state budget, municipal budget) <u>for Round 2:</u> 34.8 million EUR	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	and river banks, and lake coasts against the flood newly created or reinforced in the length of 15 km; 2) 91 ha of green infrastructure created or upgraded to adapt to climate change; 3) number of residents benefiting from flood defence measures - 20,272; 4) number of residents having access to new or improved “green” infrastructure - 20,006.	<u>For Round 2:</u> 1) Approval of the CoM Regulation (30.04.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (15.03.2024); 3) Commencement of the restricted selection (13.06.2024); 4) Conclusion of contracts and implementation of projects.	01.01.2023-31.12.2029	ERDF; 6.1 million EUR national funding (municipal budget)						and communities; 13 Climate action
Development of a wastewater and sludge management system to reduce pollution (Programme 2.2.1.1. (only for Round 1; without flexibility in funding indicators and finances for Round 2))	Investments for the promotion of green transition to support the development and renovation of wastewater and sludge treatment infrastructure in agglomerations subject to stricter requirements in the coming years, including to improve the efficiency of water management services, provide adequate infrastructure capacity, improve operational efficiency and reduce pollution. Achievable results: 1) at least 15 enterprises	1) Approval of the CoM Regulation (07.05.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (29.02.2024; amendments of 22.05.2024); 3) Commencement of the public selection (19.06.2024); 4) Conclusion of contracts and implementation of projects.	01.01.2021-31.12.2029	51.6 million EUR ERDF; 27.8 million EUR national funding (private funding)	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		6 Clean water and sanitation; 9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities; 13

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	(including micro, small, medium and large enterprises) supported; 2) number of residents benefiting from improved quality and efficiency of wastewater treatment (having regard to the base value 656,710) - at least 713,510.									Climate action
Waste sorting, recycling and recovery (Programme 2.2.2.1 (all 3 rounds; no flexibility funding planned))	Investments for the promotion of green transition to support the establishment of new waste treatment facilities and the development of regional waste management systems in line with the priorities set out in the regional waste management plans, thus contributing to the transition to a circular economy. Achievable results: 1) Ensured additional waste treatment capacity of 60,000 t/year: Round 1 - 30,000 t/year; Round 2 - 30,000 t/year; 2) 8 enterprises supported (including micro, small, medium and large enterprises): Round 1 - 3 traders; Rounds 2, 3 - 5 traders;	<u>For Round 1:</u> 1) Approval of the CoM Regulation (26.03.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (22.11.2023); 3) Commencement of the public selection (02.05.2024); 4) Conclusion of contracts and implementation of projects. <u>For Rounds 2-3:</u> 1) Development of CoM Regulation and commencement of harmonisation on TAP (Q3 2024); 2) Approval of CoM Regulation (Q4 2024); 3) Examination of the evaluation criteria of project proposals by the Thematic Sub-Committee (Q3 2024); 4) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (Q4 2024);	<u>For Round 1:</u> 01.07.2023-31.12.2029 <u>For Rounds 2-3:</u> 01.01.2023-31.12.2029	<u>For Round 1:</u> 20 million EUR CF; 6.7 million EUR national funding (private funding) <u>For Round 2:</u> 20 million EUR CF; 6.7 million EUR national funding (private funding) <u>for Round 3:</u> 25 million EUR CF; 4.4 million EUR national funding (private funding)	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	3) volume of recycled waste 205,000 t/year: Round 1 - 102,500 t/year; Round 2 - 102,500 t/year; 4) Increase in volume of sorted waste: Round 2 - by 500 t/year.	5) Commencement of the public or restricted selection for each round separately (Q1-Q2 2025); 6) Conclusion of contracts and implementation of projects.								
Separate waste collection (Programme 2.2.2.2 (both rounds; no flexibility funding planned))	Investments for the promotion of green transition to develop separate waste collection system, preparation for re-use, recycling and recovery. Achievable results: 1) 4 enterprises supported (including micro, small, medium and large enterprises); 2) 9,500 t/year increase in sorted waste: Round 1 - 4,750 t/year; Round 2 - 4,750 t/year.	<u>For Round 1:</u> 1) Approval of the CoM Regulation (26.03.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (18.12.2023); 3) Commencement of the public selection (15.05.2024); 4) Conclusion of contracts and implementation of projects. <u>For Round 2:</u> 1) Development of CoM Regulation and commencement of harmonisation on TAP (03.04.2024); 2) Approval of the CoM Regulation (Q3 2024); 3) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (04.06.2024); 4) Commencement of the public selection (Q3 2024); 5) Conclusion of contracts and implementation of projects.	<u>For Round 1:</u> 03.04.2024-31.12.2025 <u>For Round 2:</u> 01.01.2023-31.12.2027	<u>For Round 1:</u> 2 million EUR CF; 0.4 million EUR national funding (private funding) <u>for Round 2:</u> 2 million EUR CF; 1.6 million EUR national funding (municipal budget, private funding)	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action
Actions to promote environmental	Investments for the promotion of green	1) Approval of CoM Regulation (09.07.2024);	01.01.2023-	8.1 million EUR ERDF;	MoSARD /CFCA	MFF	2020(3); 2021(1);	1 Just green and		9 Manufa

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
education for public awareness and skills development (Programme 2.2.3.2 (without flexibility funding in finances))	transition to promote general public awareness and education on biodiversity and climate issues and general environmental processes, improve public environmental awareness by investing in the improvement and development of the infrastructure of national park nature centres (which are also tourist attractions), providing modern content and methods to raise public awareness on biodiversity, climate issues and general environmental processes. Achievable results: 1) 4 cultural and tourism sites supported; 2) Total number of visitors to cultural and tourism sites supported - 201,000.	2) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (02.11.2023, amended on 11.06.2024); 3) Commencement of the restricted selection (09.08.2024); 4) Conclusion of contracts and implementation of projects.	31.12.2029	1.4 million EUR national funding (state budget)			2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	digital transition		cturing, innovations and infrastructure; 11 Sustainable cities and communities; 13 Climate action
Actions to promote and preserve biodiversity (Programme 2.2.3.3 (no flexibility funding planned))	Investments for the promotion of green transition to improve nature conservation and biodiversity through the development of nature management plans for specially protected nature areas, as well as the implementation of	<u>Rounds 1, 2:</u> 1) Approval of CoM Regulation (26.03.2024, amendments of 04.06.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (05.12.2023); 3) Commencement of the selection (for Round 1 - restricted selection	<u>Rounds 1, 2:</u> 01.01.2023-31.12.2027 <u>Rounds 3, 4:</u>	<u>For Round 1:</u> 2.5 million EUR ERDF; 0.4 million EUR national funding (state budget) <u>for Round 2:</u> 2.5 million EUR ERDF;	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 11 Sustainable

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	conservation and management actions for specially protected nature areas in <i>Natura</i> 2000 sites, including habitat restoration and establishment of infrastructure to reduce anthropogenic pressures, implementation of species conservation plans, creation of green infrastructure elements outside <i>Natura</i> 2000 sites. Achievable results: 1) 43,754 ha of <i>Natura</i> 2000 sites covered by protection and restoration actions; 2) 8,515 ha of degraded ecosystems restored.	on 26.04.2024; for Round 2 - public selection on 29.04.2024); 4) Conclusion of contracts and implementation of projects. <u>Rounds 3, 4:</u> 1) Development of CoM Regulation and commencement of harmonisation on TAP (Q3 2024); 2) Approval of CoM Regulation (Q4 2024); 3) Examination of the evaluation criteria of project proposals by the Thematic Sub-Committee (Q3 2024); 4) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (Q4 2024); 5) Commencement of the restricted or public selection (for each round separately) (Q1 2025); 6) Conclusion of contracts and implementation of projects.	2025-2029	0.4 million EUR national funding (municipal budget) <u>for Round 3:</u> 16 million EUR ERDF; 2.8 million EUR national funding <u>for Round 4:</u> 7.3 million EUR ERDF; 2.8 million EUR national funding						cities and communities; 13 Climate action; 15 Life on Earth
Development of environmental monitoring for the provision harmonised environmental and climate data information (Programme 2.2.3.4 (MoSARD has only Round 1;	Investments for the promotion of green transition to provide the public and institutions with timely, high-quality and comprehensive information on changes in the state of the environment by developing the functioning of the national environmental monitoring	1) Approval of CoM Regulation (13.07.2023); 2) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (01.06.2023); 3) Launch of the restricted selection (11.08.2023); 4) Conclusion of contracts and implementation of projects.	01.01.2023-31.12.2029	9.2 million EUR ERDF; 1.6 million EUR national funding (state budget)	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
no flexibility funding planned))	and control system and implementing systematic, regular and targeted monitoring and measurements of the state of the environment. Achievable results: 1) Air pollution monitoring systems installed in 2 air quality zones; 2) Investments made in new or upgraded disaster monitoring, preparedness, warning and response systems for natural disasters in the amount of 10,875,000 EUR; 3) Climate and environmental monitoring provided at 242 sites.									communities
Actions to reduce air pollution in municipalities (Programme 2.2.3.5 (two rounds; no flexibility funding planned))	Investments for the promotion of green transition to reduce the negative impact of air pollution on the environment and human health by implementing actions to reduce air pollution in accordance with the Riga State City, Liepāja State City and Rēzekne State City Air Quality Improvement Action Programmes. Outcome to be achieved:	1) Approval of CoM Regulation (16.01.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (06.10.2023); 3) Commencement of the restricted selection (for Round 1 - 18.03.2024; for Round 2 - Q1 2025); 4) Conclusion of contracts and implementation of projects.	01.01.2021-31.12.2028	<u>Round 1:</u> 4.2 million EUR ERDF; 0.7 million EUR national funding (municipal budget, private funding) <u>Round 2:</u> 0.8 million EUR ERDF; 0.1 million EUR national funding (municipal	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities; 13

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	number of residents benefiting from air quality actions - 49,872.			budget, private funding)						Climate action; 15 Life on Earth
Implementation of actions to reduce air pollution by improving household heat supply systems (Programme 2.2.3.6 (four rounds; no flexibility funding planned))	Investments for the promotion of green transition to reduce the negative impact of air pollution on the environment and human health by replacing combustion appliances used for heat supply in the residential houses, improving the efficiency of individual heat supply systems by introducing heat supply equipment and technologies that significantly reduce air pollution, including by connecting residential houses to efficient district heating systems in cities. Achievable results: 1) Number of residents benefiting from air quality actions - 2,795; 2) PM2.5 particle emission reduced by at least 50 t/year.	1) Approval of CoM Regulation (04.04.2023; amendments of 21.05.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (26.01.2023); 3) Commencement of the public selection (for Round 1 - 26.05.2023; for Round 2 - 26.07.2023; for Round 3 - 26.09.2023; for Round 4 - 01.03.2024); 4) Conclusion of contracts and implementation of projects.	07.04.2023-31.12.2025	<u>Round 1:</u> 0.08 million EUR ERDF; 0.01 million EUR national funding (private funding) <u>Round 2:</u> 2 million EUR ERDF; 0.4 million EUR national funding (private funding) <u>Round 3:</u> 0.7 million EUR ERDF; 0.1 million EUR national funding (private funding) <u>Round 4:</u> 9.5 million EUR ERDF; 1.7 million EUR national funding (private funding)	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities; 13 Climate action
Reducing air pollutant emissions from heat supply (Programme	Investments to promote the green transition to reduce the negative impacts of air pollution on the	1) Approval of CoM Regulation (04.04.2023; amendments of 06.02.2024); 2) Approval of the evaluation	14.01.2021-31.12.2027	2.8 million EUR ERDF; 0.5 million EUR	MoSARD /CFCA	MFF	2020(3); 2021(1); 2022(1); 2022(3);	1 Just green and digital transition		9 Manufacturing, innovati

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
2.2.3.7. (no flexibility funding planned))	environment and human health by improving operation of the combustion appliances used for district heat supply used by public service providers through the introduction of technical solutions that reduce air emissions of dust (particles). Outcome to be achieved: number of residents benefiting from air quality actions - 76,552.	criteria of project proposals by the EU Funds Supervisory Committee (26.09.2023); 3) Commencement of the public selection (12.03.2024); 4) Conclusion of contracts and implementation of projects.		national funding (private funding)			2023(1); 2023(3); 2024(4)			ons and infrastructure; 11 Sustainable cities and communities; 13 Climate action
Abandonment of peat use in energy (Programme (TPTP) 6.1.1.1 (Round 1; other rounds - WITH flexibility funding in indicators and finances))	Investments for the promotion of green transition to carry out studies on historical peat extraction sites, identification of peat combustion plants for energy production and exploration of alternatives, and, on the basis of the information obtained, to promote attraction of investments for the rehabilitation of historical peat extraction sites and the replacement of peat combustion plants with other renewable energy technologies. Achievable results: 1) 12 100 ha of land	<u>For Round 1:</u> 1) Approval of the CoM Regulation (09.07.2024); 2) Approval of exception of the evaluation criteria of project proposals with relation to application of the unified criteria and unified selection criteria by the EU Funds Supervisory Committee (23.04.2024); 3) Commencement of the restricted selection (08.08.2024); 4) Conclusion of contracts and implementation of projects. <u>For Rounds 2-4:</u> 1) Development of CoM Regulation and commencement of harmonisation on TAP for each round separately (Q3 2024- Q3 2025);	<u>For Round 1:</u> 01.01.2024-31.12.2026 <u>For Rounds 2-4:</u> 01.01.2024-31.12.2029	<u>For Round 1:</u> 1.9 million EUR TPF; 0.3 million EUR national funding (state budget) <u>for Rounds 2-4:</u> 47 million EUR TPF (incl. 3.6 million EUR flexibility funding); 8.3 million EUR national funding (incl. 0.6 million EUR flexibility funding)	MoSARD /CFCA	MFF (JTF)	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		7 Affordable and renewable energy; 11 Sustainable cities and communities; 13 Climate action

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	rehabilitated (restored) at the historical peat extraction sites; 2) total estimated greenhouse gas emissions - 42, 398 CO ₂ equivalent emissions tonnes/year.	2) Approval of CoM Regulation for each round separately (Q4 2024 - Q4 2025); 3) Examination of the evaluation criteria of project proposals by the thematic sub-committee for each round separately (Q3 2024-Q3 2025); 4) Approval of the evaluation criteria of project proposals by the EU Funds Monitoring Committee for each round separately (Q4 2024 - Q4 2025); 5) Commencement of the public or restricted selection for each round separately (Q1 2025- Q1 2026); 6) Conclusion of contracts and implementation of projects.								
Development of ICT solutions and services and creation of opportunities for the private sector (Programme 1.3.1.1 (without flexibility in funding indicators and finances))	Investments in promotion of digital transition to develop public information and communication technology solutions and services and to promote digitisation of the private sector and creation of new services. Achievable results: 1) Value of the digital services, products and processes developed for enterprises - 73,591,656 EUR; 2) At least 17 public sector bodies supported for the development of digital	1) Approval of the CoM Regulation (04.06.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (09.02.2024); 3) Commencement of the pre-selection of projects (23.02.2024); 4) Commencement of the restricted selection (after the approval of the first CoM CoM decision on project implementation, Q4 2024); 5) Conclusion of contracts and implementation of projects.	01.01.2024-31.12.2029	125.1 million EUR ERDF; 22.1 million EUR national funding (state budget, municipal budget, private funding)	MoSARD /CFCA	MFF	2019(3); 2020(3); 2021(1); 2023(1); 2024(3)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 16 Peace, justice, good governance

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	services, products and processes; 3) At least 769 users (economic operators, institutions) which have transformed their processes on the basis of the digitised newly created or significantly improved public digital processes, including - users as data users and data providers, users who have developed their digital products on the basis of public administration solutions or by integrating with public platforms and information systems.									
Development of public open space (Programme 5.1.1.3 (no flexibility funding planned))	Investments for the development of public open space in urban functional territories to improve the quality of the living environment and increase public safety. Achievable result: newly created or renovated open areas (public territories) in the urban environment in the area of at least 132,944 m ² .	1) Approval of the CoM Regulation (06.06.2023); 2) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (11.04.2023); 3) Commencement of the public selection (25.07.2023); 4) Conclusion of contracts and implementation of projects.	01.01.2021-31.12.2026	26.7 million EUR ERDF; 4.7 million EUR national funding (municipal budget)	MoSARD /CFCA/local governments	MFF		2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovations and infrastructure; 11 Sustainable cities and communities
Smart local governments (Programme)	Investments in promotion of the development of smart local governments	1) Approval of the CoM Regulation (27.06.2023); 2) Approval of the evaluation	01.01.2021-	15.5 million EUR ERDF; 2.7 million EUR	MoSARD /CFCA/local	MFF	2019(4)	2 Social and economic		9 Manufacturing,

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
5.1.1.4 (no flexibility funding planned))	by introducing smart solutions for the performance of autonomous functions and the management tasks they entail. Achievable results: 1) At least five smart solutions for the implementation of municipal functions and the provision of municipal services have been developed in the planning regions; 2) At least 10 percent decrease in the cost of the beneficiary's service per customer (EUR) or energy consumption (megawatt-hours) or time consumption (hours) in at least five municipalities.	criteria of project proposals by the EU Funds' Supervisory Committee (11.04.2023); 3) Commencement of the restricted selection (08.07.2024); 4) Conclusion of contracts and implementation of projects.	31.12.2029	national funding (municipal budget)	governments			resilience, incl. European Pillar of Social Rights		innovations and infrastructure; 11 Sustainable cities and communities; 16 Peace, justice, good governance
Support for the development of public infrastructure necessary for business, promoting the transition to a climate-neutral economy (Programme TPTP) 6.1.1.3 (without	Investments in the development of public infrastructure for business, mitigating negative socio-economic impacts in regions most affected by the transition to a climate-neutral economy. Achievable results: 1) 23 traders benefiting from the developed public infrastructure; 2) 394 jobs created by the	1) Approval of the CoM Regulation (17.10.2023); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (16.06.2023); 3) Commencement of the open selection (for Round 1 - 27.12.2023); 4) Conclusion of contracts and implementation of projects.	01.01.2021-31.12.2026	46 million EUR TPF; 8.1 million national funding (municipal budget, private funding)	MoSARD /CFCA/local governments	MFF (JTF)	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(3)	1 Just green and digital transition; 2 Social and economic resilience, incl. European Pillar of Social Rights		8 Decent work and economic growth; 9 Manufacturing, innovations and infrastr

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
flexibility in funding indicators and finances))	traders benefiting from the developed public infrastructure; 3) 30,695,395 EUR private non-financial investments in intangible investments and fixed assets.									11 Sustainable cities and communities; 13 Climate action; 16 Peace, justice, good governance
Restoration of habitats or wetland ecosystems of EU importance (Programme (TPTP) 6.1.1.7 (no flexibility funding planned))	Investments in promotion of restoration of habitats or wetland ecosystems of EU importance or the renaturalisation of historical peat extraction sites in specially protected areas for the promotion of biodiversity and provision of ecosystem services. Achievable results: 1) 1,500 ha of rehabilitated land (i.e., investments made in the restoration of habitats of EU importance or the renaturalisation of historical peat extraction sites); 2) At least 4,046 ha of	1) Approval of the CoM Regulation (28.05.2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds Supervisory Committee (29.01.2024); 3) Commencement of the restricted selection (05.07.2024); 4) Conclusion of the contract and implementation of the project.	01.01.2024-31.12.2029	6 million EUR TPF; 1.1 million EUR national funding (state budget)	MoSARD /CFCA	MFF (JTF)	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		13 Climate action; 15 Life on Earth

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	degraded ecosystem restored.									
Strengthening the capacity of rescue services, in particular modernisation of the infrastructure and material and technical base of the State Fire and Rescue Service	Policy Area - Climate Change and Adaptation to Climate Change (RRF) The investment aims to ensure equally efficient, rapid and high quality work of disaster management services throughout Latvia by improving cooperation and coordination of services involved in disaster response and management. Its scope is to build 9 Disaster Management Centres, bringing together all services involved in disaster management under one roof.	On 5 July 2022, the informative report was approved and implementation of project was commenced	2022 - 2026	36,630,000 EUR (RRF) 7,692,300 EUR (SB)	MoI	RRF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 16 Peace, justice, good governance
Disaster risk reduction actions	Policy objective - A greener and more resilient low-carbon Europe, with a net transition to a carbon-free economy, promoting a just transition to clean energy, green and blue investments, circular economy, climate change mitigation and adaptation thereto, risk prevention and management and sustainable urban mobility (ERDF). The objective of the action is to invest in	On 17 October 2023, CoM Regulation No. 596 “Regulations On Implementation of the First Round of Selection of the Project Proposals of Action 2.1.3.3 “Actions for Disaster Risk Reduction” of the Specific Aid Objective 2.1.3 “Promoting Climate Change Adaptation, Risk Prevention and Disaster Resilience” of the EU Cohesion Policy Programme 2021-2027” was adopted and entered into effect on 20 October 2023; On 20 February 2024, CoM	2023 - 2029	55,094,176 EUR (ERDF) 9,722,502 EUR (SB)	MoI	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		9 Manufacturing, innovations and infrastructure; 16 Peace, justice, good governance

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	the development and strengthening of the technical capacity of the SFRS for disaster management, expansion of prevention actions, implementation of ICT solutions and the improvement of the overall responsiveness: a) in purchase of specialised fire-fighting and rescue vehicles; b) in construction of a repair base for specialised vehicles; c) in formation and implementation of a disaster loss database; d) in formation and implementation of an early warning system; e) in arrangement of stationary and mobile practical training rooms (Safety Classrooms).	Regulation No. 118 “Regulations On Implementation of the Third Round of Selection of the Project Proposals of Action 2.1.3.3 “Actions for Disaster Risk Reduction” of the Specific Aid Objective 2.1.3 “Promoting Climate Change Adaptation, Risk Prevention and Disaster Resilience” of the EU Cohesion Policy Programme 2021-2027” was adopted and entered into effect on 27 February 2024; Drafting of the CoM Regulation of the Second Round of Action 2.1.3.3 (to be provisionally approved in 2025), as well as drafting of the CoM Regulation of the Fourth Round (to be provisionally approved in 2027) is currently underway.								
EU Cohesion Policy programmes 2021 -2027 under the Action 2.1.1.5 “Climate-neutral solutions in the educational programmes, environment and infrastructure of	Objective - Modernisation and improvement of the infrastructure of vocational educational institutions and colleges under the Ministry of Education and Science (hereinafter referred to as - vocational educational institutions), including investments in	A draft CoM Regulation on the implementation of the action will be submitted to the CoM in August. Drafting and harmonisation of regulations for the selection and commencement of the selection is scheduled for Q4. Commencement of implementation of projects is scheduled for Q4.	2024 - 2029	The total eligible funding planned under the action is 19,140,000 EUR (including 3,018,862 EUR flexibility funding), including 16,269,000 EUR	AI - MoES	MFF	2020(3); 2021(1); 2022(1); 2022(3); 2023(1); 2023(3); 2024(4)	1 Just green and digital transition		7 Affordable and renewable energy; 9 Manufacturing, innovati

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
vocational educational institutions and colleges” of the Specific Aid Objective 2.1.1 “Promoting energy efficiency and reducing greenhouse gas emissions”	smart energy management, environmentally friendly long-term management solutions for energy saving or extraction from renewable energy sources, and environmentally friendly educational institution demonstration, benchmarking initiatives, with priority support for activities where primary energy savings of at least 30 per cent are planned to be achieved.			from the European Regional Development Fund (including 2,566,033 EUR flexibility funding) and 2,871,000 EUR from the state budget (including 452,829 EUR flexibility funding).						ons and infrastructure; 13 Climate action; 16 Peace, justice, good governance
Action 1.1.1.6 "Digitisation of scientific activities and participation in the European Open Science Cloud (purchase of EOSC market place services)" of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 "Strengthening research and innovation capacities and introducing advanced technologies into	Ensure that Latvian researchers have modern access to and sharing of quality-managed research data, access to data processing tools and digital research services To ensure Latvia's inclusion in the European Research Area and to exploit the potential of Artificial Intelligence. Creating and implementing: European Open Science Cloud National Node (EOSC LV) data sharing services	The CoM Regulation is in drafting process. The TAP is expected to be published at the beginning of September. The project will be implemented by the Single Service Centre	2025 - 2029	21,750,002 EUR (incl. ERDF 18,487,501 EUR, state budget 3,262,501 EUR).	MoES/SSC (Single Service Centre)	MFF	2019(3); 2020(3); 2021(1); 2023(1); 2024(3)	1 Just green and digital transition		9 Manufacturing, innovation and infrastructure

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
the overall R&D system"										
Social and economic resilience, incl. European Pillar of Social Rights										
Development of infrastructure of pre-school educational institutions (Programme 4.2.1.7 (without flexibility in funding indicators and finances))	Investments for the promotion of service efficiency improvement and delivery in the regions to develop the infrastructure of municipal pre-school educational institutions to create new places for pre-school children, to promote access to municipal pre-school education services, including for socially and economically disadvantaged groups, in line with the principle of equal access. Achievable results: 1) Teaching capacity of new or upgraded childcare (pre-school) facilities - at least 1,708 persons; 2) Number of annual users of new or upgraded childcare (pre-school) facilities - 1,623 persons.	1) Approval of CoM Regulation (06.06.2023) and amendments to the CoM Regulation on the allocation of additional funding (Q3 2024); 2) Approval of the evaluation criteria of project proposals by the EU Funds' Supervisory Committee (11.04.2023); 3) Commencement of the public selection (19.07.2023); 4) Conclusion of contracts and implementation of projects.	01.01.2021-31.12.2029	41.3 million EUR ERDF; 7.3 million EUR national funding (municipal budget)	MoSARD /CFCA	MFF	2019(2)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market; Social protection and inclusion	1 Poverty alleviated; 4 Quality education; 9 Manufacturing, innovations and infrastructure; 10 Reduced inequality; 11 Sustainable cities and communities; 16 Peace, justice, good governance
Childcare services (Programme 4.3.6.6 (without	Investments to support municipalities in the purchase of private pre-	1) Approval of the CoM Regulation (10.10.2023); 2) Approval of the evaluation	01.01.2021-	13.7 million EUR ESF+; 2.4 million EUR	MoSARD /CFCA/local	MFF	2019(2)	2 Social and economic	Equal opportunities and	1 Poverty alleviat

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
flexibility in funding indicators and finances))	school education and childcare services to promote work-life balance and equal opportunities for all families. Achievable results: 1) At least 1,043 children have received support; 2) At least 991 children have received pre-school education services for a period of one to three years.	criteria of project proposals by the EU Funds Supervisory Committee (27.09.2023); 3) Commencement of the public selection (07.11.2023); 4) Conclusion of contracts and implementation of projects.	31.12.2029	national funding (private funding)	governments			resilience, incl. European Pillar of Social Rights	access to the labour market; Fair working conditions ; Social protection and inclusion	ed; 4 Quality education; 9 Manufacturing, innovations and infrastructure; 10 Reduced inequality; 11 Sustainable cities and communities; 16 Peace, justice, good governance
Investment 6.2.1.3.i. "Establishment of a single training centre for judges, judicial officers, public prosecutors, assistant public prosecutors and	The aim is to establish a unified training centre for the development of the qualifications of judges, judicial officers, public prosecutors, assistant public prosecutors and investigators (in interdisciplinary matters	1) Entry into effect of the Law and other legislative acts related to the Justice Training Centre 2) Development of new Programmes 3) Adoption and implementation of the Programmes 4) Established Justice Training Centre. Adaptation of premises and	21.11.2022-30.06.2026	RRF funding - 7,572,030 EUR; VAT 1,138,930 EUR (state budget)	MoJ	RRF	2019(2); 2019(4); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education; 8 Decent work and economic

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
specialised investigators (in interdisciplinary matters) to improve their skills” of reform and investment axis 6.2 “Identification of money laundering, investigation of economic crimes, modernisation of judicial processes and implementation of preventive actions” of component 6 “Rule of Law” of the RRF plan	essential for effective administration of justice) (hereinafter referred to as - interdisciplinary investigators) (the Academy of Justice) as the basis for a sustainable and stable system, providing the possibility to plan, develop and implement training programmes (hereinafter referred to as - the Programme) in the long term.	provision of equipment for the Justice Training Centre								growth; 16 Peace, justice, good governance
Action 4.3.5.5 "Access to justice" of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 4.3.5 "Improve equitable and timely access to quality, sustainable and affordable services; improve social protection systems, including promoting access to social	Establish a developed system of state-provided legal aid, expanding access to the justice system for vulnerable persons, providing for timely and accessible legal aid to prevent the failure to address legal issues from adversely affecting people's social and economic situation and exposing them to the risk of poverty and/or social exclusion.	The Court Administration implements ESF+ project No. 4.3.5.5/1/24/I/001 "Access to Justice". The project includes the following activities: 1 Reforming and streamlining the state-provided legal aid system to support vulnerable and victimised persons, ensuring their timely access to justice; 2 Solutions for timely identification and resolution of legal problems; 3 Development of existing and new information technologies and digital solutions to better ensure the rights of socially vulnerable persons, including more effective	03.06.2024-30.06.2027	0.9 million EUR (ESF+), 0.2 million EUR (state budget). The project budget is specified without flexibility funding.	MoJ	MFF	2019(4); 2020(2)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market; Social protection and inclusion	10 Reduced inequality; 16 Peace, justice, good governance

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
protection; improve access to, efficiency and resilience of long-term care services"		cooperation between authorities; 4 Actions to inform the target group about the receipt of state-provided legal aid services in order to increase the target group's competence and understanding of the importance of timely resolution of legal disputes, as well as to inform about the training of persons involved in the state-provided legal aid system to improve their competences and skills; 5 Project management and ensuring project implementation; 6 Compliance with the project's communication and visual identity requirements.								
RRF investment 5.2.1.1.i Research, development and consolidation grants, round 1 "Anti-Money Laundering Grant" (AIZID)	Strengthen the anti-money laundering and fintech knowledge capacity in Latvia to promote safe and quality development of the financial sector and related industries.	1) 6 specialised study modules created by 31.12.2024; 2) by 30.06.2024 150 students have completed specialised study modules; 3) by 31.12.2024 20 prepared academic staff members; 4) by 30.06.2026 - number of analytical studies on the competitiveness of the Latvian financial sector and development opportunities in the international context; 5) by 30.06.2024 - 6 number of specialised expertise studies 6) by 30.06.2024 - 4 scientific publications.	2023 - 2026	RRF funding - 1,495,000 EUR	MoES/RTU	RRF	2019(1); 2020(3); 2020(4); 2023(1); 2024(3)		Equal opportunities and access to the labour market	4 Quality education

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
RRF investment 5.2.1.1.i Research, development and consolidation grants, round 2 "Consolidation and Governance Change Implementation Grants" (AIZID)	Implement structural changes in higher educational institutions and scientific institutes to promote excellence and efficiency in the quality and resource investments in higher education and science and international competitiveness.	1) 150 Academic Career Agreements and 45 internal R&D grant agreements signed by 30.09.2024; 2) 315 Academic Career and 90 internal R&D grant agreements signed by 31.05.2026; 3) - at least four consolidation plans introduced by 31.05.2026; 4) - 100% of state-founded higher educational institutions have introduced the new governance model by 31.05.2026.	2023 - 2026	Total available funding is up to 88,236,414 EUR, not exceeding RRF funding - 81,005,000 EUR and state budget co-funding provided to cover VAT costs, not eligible for RRF funding - 7,231,414 EUR.	MoES / state-founded universities and research institutes	RRF	2019(2); 2020(3); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Equal opportunities and access to the labour market	4 Quality education; 16 Peace, justice, good governance
Action 1.1.1.9 "Postdoctoral research" of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 "Strengthening research and innovation capacity and transfer of advanced technologies into the overall R&D system"	Develop the skills and increase the scientific capacity of young scientists by providing career entry opportunities for young scientists in scientific institutions and companies, as well as the improvement of research competences, renewal of human resources and increase in the number of qualified specialists through research that contributes to the achievement of the objectives of the Latvian Smart Specialisation Strategy or to the development of areas of specialisation. At least 41 new research jobs are planned to be created in	CoM Regulation No. 35 of 9 January 2024. The project implementer within the action is the Latvian Council of Science (LCS). Within two months of the conclusion of the project implementation agreement, the LCS shall announce the first call for research proposals.	2024-2029	44,800,000 EUR (including 5,488,842 EUR flexibility funding), including ERDF - 38,080,000 EUR (including 4,665,516 EUR flexibility funding), SB co-funding 5,149,646 EUR (including 823,326 EUR flexibility funding) and private co-funding - 1,570,354 EUR.	MoES/LCS	MFF	2019(2); 2020(3); 2024(3)	2 Social and economic resilience, incl. European Pillar of Social Rights	Fair working conditions	8 Decent work and economic growth; 9 Manufacturing, innovation and infrastructure

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	the supported entities by 31 December 2029.									
Action 1.1.1.3 "Translational research" of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 "Strengthening research and innovation capacities and transfer of advanced technologies into the overall R&D system"	The aim of the action is to support the implementation of translational and collaborative research, including interdisciplinary researches, which drive the development of specialisation areas of the Latvian Smart Specialisation Strategy (hereinafter referred to as - RIS3), with a view to increase the capacity and exportability of the innovation system of the Latvian economy in line with the RIS3 strategy	CoM Regulation No. 407 of 25 June 2024, open call for proposals, implementer - scientific institution or trader. The total eligible public funding planned and available for round 1 of selection of the project proposals shall not exceed 35,000,000 EUR. The total eligible public funding planned for round 2 of selection of the project proposals does not exceed 21,760,000 EUR (including flexibility funding - 6,586,609 EUR).	2024-2029	56,760,000 EUR (of which 6,586,609 EUR in flexibility funding), including ERDF - 48,246,000 EUR (of which 5,598,618 EUR in flexibility funding) and SB co-funding - 8,514,000 EUR (of which 987,991 EUR in flexibility funding).	MoES/CF CA	MFF	2020(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure
Action 1.1.1.2 "RIS3 Research and Innovation Centres" of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 "Strengthening research and innovation capacities and introducing advanced technologies into	The aim of the action is to support the establishment, improvement or development of research infrastructure that contributes to the development of a centre of excellence in one or more of the areas of Latvia's smart specialisation strategy, in line with the performance and strategic specialisation of the research institution, with a view to increasing the capacity of the Latvian	Regulations Project (24-TA-1719) was submitted for public consultation on 24.07.24. and for inter-institutional coordination on 02.08.24.	2025 - 2029	The total eligible funding planned under the action is 42,468,679 EUR (including 6,698,385 EUR flexibility funding), including ERDF funding 36,098,377 EUR (including 5,693,628 EUR flexibility funding) and state budget co-funding	MoES/CF CA	MFF	2020(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
the overall R&D system"	innovation system in line with the RIS3 strategy.			6,370,302 EUR (including 1,004,757 EUR flexibility funding).						
Action 1.1.1.5 "Full participation of Latvia in the Horizon Europe programme, including by ensuring a comprehensive range of support instruments and linking with the development of RIS3 specialisation areas" (Round 1) of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 "Strengthening research and innovation capacities and introducing advanced technologies into the overall R&D system"	The aim of the action is to promote international cooperation in research and to link it with the development of specialisation areas of the Latvian Smart Specialisation Strategy (hereinafter referred to as - RIS3), including strengthening the capacity of the National Contact Point to ensure investments for participation in European Partnerships in line with Latvia's strategic priorities (including the implementation of joint research projects), as well as ensuring synergy mechanisms with other EU research programmes, including by refinancing projects above the quality threshold in the "Horizon Europe" programme reserve.	CoM Regulation No. 810 of 19.12.2023. The project is implemented by the MoES. Project implementation in progress (contract 03.06.2024)	2025 - 2029	The total eligible funding planned and available for the first round is 9,445,000 EUR, including 8,028,250 EUR ERDF funding and state budget co-funding - 1,416,750 EUR.	MoES/LCS	MFF	2020(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure
Action 1.1.1.5 "Full participation of Latvia in the	The aim of the action is to promote international cooperation in research	CoM Regulation No. 810 of 19.12.2023. The project will be implemented by the Latvian	2025 - 2029	The total public eligible funding planned for the	MoES/CF CA	MFF	2020(3)	2 Social and economic		9 Manufacturing,

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
Horizon Europe programme, including by ensuring a comprehensive range of support instruments and linking with the development of RIS3 specialisation areas” (Round 2) of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 “Strengthening research and innovation capacities and introducing advanced technologies into the overall R&D system”	and to link it with the development of specialisation areas of the Latvian Smart Specialisation Strategy (hereinafter referred to as - RIS3), including strengthening the capacity of the National Contact Point to ensure investments for participation in European Partnerships in line with Latvia’s strategic priorities (including the implementation of joint research projects), as well as ensuring synergy mechanisms with other EU research programmes, including by refinancing projects above the quality threshold in the "Horizon Europe" programme reserve.	Council of Science (LCS). During August 2024, development of the project selection documents and announcement of selection is underway (CFCA).		second round is 23,664,682 EUR (including 10,077,021 EUR flexibility funding), including 20,114,979 EUR ERDF funding (including 8,565,468 EUR flexibility funding) and state budget co-funding of - 3,549,703 EUR (including 1,511,553 EUR flexibility funding).				resilience, incl. European Pillar of Social Rights		innovation and infrastructure
Action 1.1.1.5 “Full participation of Latvia in the Horizon Europe programme, including by ensuring a comprehensive range of support instruments and linking with the	Promote international research cooperation and linkages with the specialisation area of the Latvian Smart Specialisation Strategy (hereinafter referred to as - RIS3), as well as the development of interdisciplinary RIS3 specialisation areas,	CoM Regulation No. 502 of 23.07.24 Public project selection. Development of the project selection documents is underway (CFCA).	2025 - 2029	The total planned and available eligible funding within the third round of the action is 15,780,000 EUR, including 13,413,000 EUR from the European	MoES/CF CA	MFF	2020(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
development of RIS3 specialisation areas” (Round 3) of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 “Strengthening research and innovation capacities and introducing advanced technologies into the overall R&D system”	including by increasing the participation of scientific institutions in the Horizon Europe programme.			Regional Development Fund (ERDF) and 2,367,000 EUR from the state budget.						
Action 1.1.1.7 "Innovation grants for students" of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 “Strengthening research and innovation capacities and introducing advanced technologies into the overall R&D system”	The aim of the event is to promote student innovation applications that develop students' innovation capacity and initiative, including entrepreneurial skills, address problems of relevance to industry, society or parts of society, and strengthen university-student collaboration with business. By 31 December 2029, the following monitoring indicators shall be achieved: private investment (including grants, financial instruments)	Rules for the implementation of the action 1.1.1.7 "Innovation Grants for Students" are under development (TAP - 24-TA-1421)	2025-2029	total funding is 16,500,000 EUR (including 2,602,468 EUR in flexibility funding), including ERDF - 14,025,000 EUR (including 2,212,098 EUR flexibility funding), SB co-funding 825,000 EUR (including 390,370 EUR flexibility funding) and 1,650,000 EUR in	MoES	MFF	2020(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
	complementing public support - 1,650,000 EUR,			private co-funding.						
Action 1.1.1.8 "Doctoral Grants" of the EU Cohesion Policy Programme 2021-2027, Specific Aid Objective 1.1.1 "Strengthening research and innovation capacities and transfer of advanced technologies into the overall R&D system"	Objective of the action is to strengthen the human capital capacity for research and development in smart specialisation areas needed for economic growth and transformation. The target group is PhD students. The following monitoring indicators are to be achieved by 31 December 2029: output indicator - 66 research jobs created in supported entities (in full-time equivalent terms);	CoM Regulation No. 811 of 19 December 2023. The projects are implemented by Daugavpils University; Latvian Academy of Culture, Latvian University of Biosciences and Technologies; University of Latvia, the Riga Stradiņš University, Riga Technical University, Ventspils University College.	2025-2029	19,140,000 EUR (including 3,018,862 EUR flexibility funding), including 16,269,000 EUR from the European Regional Development Fund (including 2,566,033 EUR flexibility funding) and state budget co-funding in the amount of not less than 2,871,000 EUR (including 452,829 EUR flexibility funding).	MoES/CF CA	MFF	2020(3)	2 Social and economic resilience, incl. European Pillar of Social Rights		9 Manufacturing, innovation and infrastructure
Energy security										
See policy area "9.1.8 Energy and energy efficiency"										
Building defence capabilities										
Defence Capability Enhancement	The Defence Capability Enhancement 2024-2028, required to develop package of actions of the National Armed Forces, primarily aimed at overcoming national threats.	19.03.2021. CoM decision No.179 of 19.03 "On Financing of the Ministry of Defence Long-term Commitment Action "National Armed Forces Long-term Contracts""; CoM decision No. 632 of 23.07.2024 "NAF Development Plan 2025-2036"; CoM decision	2024-2036 year	For 2024 - 432,391,617 EUR, for 2025 - 440,073,100 EUR, for 2026 - 534,641,228 EUR, for 2027 - 551,361,228	MoD			4 Building defence capabilities		16 Peace, justice, good governance

Name of measure (incl. reform/investment)	Goal (what should be achieved by the measure?)	Key steps for implementing the measure	Implementation time	Funding, million EUR (state budget, EU funds, RRF, other)	Responsible/co-responsible institution	RRF/ EU budget (MFF)	CSR	Common EU priorities	European Pillar of Social Rights	UN SDG
Other reforms/investments aimed at implementing common EU priorities as referred to in Article 13 of Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on effective coordination of economic policies and multilateral surveillance of budgetary surveillance and repealing Council Regulation (EC) No. 1466/97										
		No. 633 of 23.07.2024 "On Financing of the Ministry of Defence Long-term Commitment Action "National Armed Forces Long-term Contracts"".		EUR, for 2028 - 557,631,228 EUR, state budget						

9.2 Forecasts of investment needs

Table 10 in Chapter 9 of the FSP contains detailed information on Latvia's investment needs in 2025 -2028 within the context of the EU's common priorities. Table 10 summarises the information provided by the sectoral ministries on investments of national importance exceeding EUR 22 million EUR threshold or 0.05% of GDP.

The total investment needs correspond to around EUR 15.5 billion, with a necessity identified for each priority:

1. A fair green and digital transition, including consistency with the European Climate Law – EUR 6.6 billion;
2. Social and economic resilience, including the European Pillar of Social Rights – EUR 3.9 billion;
3. Energy security – EUR 2.9 billion;
4. The build-up of defence capabilities – EUR 2.2 billion.

The highest percentage in the common list of investment needs is formed by climate and energy (around EUR 6.3 billion) and traffic, transport (around EUR 4.4 billion) sectors.

Table 10. Investment needs

No.	EU priority	Description of investment needs
1	A fair green and digital transition, including consistency with the European Climate Law	Overall digitization of the Port of Riga - development of logistics service management. The additional funding needed to implement the project is around EUR 30 000 000. The project aims to develop the Port of Riga in line with the principles of a "smart port". It is planned to modernize and integrate RBP information systems and management processes, as well as to link the RBP port information system and terminal information systems, ensuring more efficient information exchange, to introduce an IT solution for automating aspects of port operations, to use the latest technologies and equipment for RBP functions (automated and autonomous access control, security and environmental protection) to ensure resource efficiency. Develop and offer solutions to customers to support port processes and increase the efficiency of data flow, work on the

No.	EU priority	Description of investment needs
		digitisation of the Latvian transit corridor in cooperation with control services (SRS Customs Administration, State Border Guard, etc.) state and municipal companies (SJSC "Latvijas dzelzceļš", etc.), other major ports, port companies and other stakeholders.
		<p>Modernization of technical support equipment of the Port of Liepāja. Total sum of investment needs: EUR 50 000 000. Investments include:</p> <ul style="list-style-type: none"> - Port territory digitization project (security, cargo flow accounting, etc.); -Transport counting system; - Ship traffic management and port information systems; - Wider use of renewable energy resources (including the construction of solar panels).; - Technical modernization (tugs, transport, etc.), in order to increase CO2 emissions, gradually switch to the use of environmentally friendly transport.
		<p>Redesign of information systems and related infrastructure that fulfil the functions of public administration in order to significantly reduce the energy capacity of solutions, while improving resilience, through the use of state-of-the-art technologies (including cloud computing and artificial intelligence technologies). Investments amount EUR 40 000 000.</p>
		<p>The restoration of the degraded terrestrial and marine ecosystems. In order to implement the provisions of the Nature restoration law regarding the Natura 2000 sites, the estimated financial needs are approx. EUR 50 000 000.</p>
		<p>Welfare sector ICT infrastructure modernization, digitalization of services and processes, development of analytical tools. Funding for 2025 – 2029: EUR 24 000 000.</p>
		<p>Investment needs in the transport sector (EUR 748 860 000): increasing the number of medium and heavy-duty vehicles using renewable energy resources – EUR 50 000 000; increasing the number of zero-emission light passenger vehicles - EUR 600 000 000; increasing the number of charging stations and charging points – EUR 37 760 000; promotion of write-off of old vehicles - EUR 3 600 000; increasing the number of zero-emission micromobility devices - EUR 15 000 000; construction of slow charging points, including for e-bikes – EUR 3 000 000; purchase or reconstruction of biomethane public transport vehicles for municipalities - EUR 12 500 000; construction of biomethane filling stations - EUR 10 000 000; purchase of hydrogen public transport vehicles - EUR 7 000 000; installation of hydrogen filling stations - EUR 10 000 000.</p>
		<p>Investment needs in the production and use of electricity and thermal energy (EUR 3 247 500 000): development of offshore wind parks - EUR 700 000 000; development of wind power plants on land - EUR 1 200 000 000; implementation of electricity and/or thermal energy storage solutions – EUR 20 000 000; increasing the production capacity of renewable energy resources in centralized and individual heating and cooling systems and the modernisation of infrastructure - EUR 500 000 000; electrification of centralized heating and cooling systems - EUR 200 000 000; improvement of the electricity transmission and distribution networks for the electrification of centralized heating and cooling systems - EUR 20 000 000; increasing the production capacity of renewable energy resources and improving their energy efficiency for individual self-consumption, industry and companies - EUR 567 000 000; support for biomethane production and its introduction into the gas network – EUR 26 500 000; promotion of the use of biofuels and biomethane in agricultural production - EUR 4 000 000; extraction of biogas/biomethane in water management services – EUR 10 000 000.</p>
		<p>Investment needs in waste and wastewater management (EUR 104 052 000): pilot projects in regional landfills to improve the efficiency of waste sorting - EUR 232 000; improving the performance of wastewater treatment facilities - EUR 79 320 000; the implementation of the Sewage sludge management plan 2024-2027 – EUR 24 500 000.</p>
		<p>Investment needs in the public sector (EUR 898 000 000): financial and knowledge based support to municipalities for the promotion and implementation of energy efficiency measures - EUR 8 000 000; improving the energy efficiency of public buildings - EUR 800 000 000; improving the energy efficiency of public buildings with materials of biological origin - EUR 90 000 000.</p>
		<p>Investment needs in energy efficiency in buildings (EUR 1 050 000 000): connection of residential houses, multi-apartment buildings or non-residential buildings to an efficient centralized heat supply system - EUR 50 000 000; support for residents at risk of energy poverty within the framework of energy efficiency support for multi-apartment buildings - EUR 10 000 000; renovation of blocks (improvement of energy efficiency in buildings on a block scale) – EUR 875 000 000; improving the energy efficiency in private houses - EUR 100 000 000; development of the ESCO market – EUR 15 000 000.</p>

No.	EU priority	Description of investment needs
		<p>Investment fund- loans with capital rebate. In order to achieve the goal set by the Ministry of Economics to double GDP or to reach EUR 80 billion GDP volumes in Latvia by 2035., it is necessary to ensure financial availability for large and scalable investment projects. It is also planned to develop a budget neutral financial instrument – loans with capital rebate up to 30%, but not more than EUR 30 million for projects ranging from EUR 5 million to EUR 100 million or more. EUR 80 000 000 are needed annually.</p>
2	<p>Social and economic resilience, including the European Pillar of Social Rights</p>	<p>Development of the industrial and logistics park "Spilve" in the port of Riga. The financing required is approximately EUR 110 000 000. The project aims to develop a modern large-scale multimodal industrial and logistics park "Spilve" related to the port activities. The development of the Spilve Industrial and Logistics Park will contribute to the development of the following business areas that will contribute to the competitiveness of Latvia and the Freeport of Riga: manufacturing activities, logistics activities and ancillary activities (divided into business and service-related activities), activities in the 3 RIS areas identified in the Latvian Smart Specialisation Strategy and the development of renewable energy infrastructure. In total, the industrial park has a development area of approximately 450 ha, divided into 4 development zones, with priority given to Zone A, which covers 79 ha between Daugavgrīva highway and Hapaka ditch. The integration of the industrial park, including multimodal road and rail infrastructure in Riga city, is planned to start in 2026 and to be implemented gradually until 2040.</p>
		<p>Establishment of a rail link to Rail Baltica in the Riga Port area of Spilve. The total financing needed to implement the project is around EUR 75 000 000. The study aims to develop a solution for the integration of the territory of the Riga Freeport Industrial and Logistics Park "Spilve" with the RailBaltica railway line, by creating a European gauge rail branch to the territory of the industrial park. The development of the Spilve Industrial and Logistics Park is planned to start in 2026, with the expected start of construction of the rail link in 2032. The development of the new rail link is essential for the further integration of rail and maritime transport modes in the Freeport of Riga and the TEN-T core network, in particular the North Sea-Baltic Sea core network corridor, thus promoting the further use of the North Sea-Baltic Sea core network corridor.</p>
		<p>Territorial and infrastructure development of the Port of Liepāja. Total sum of investment needs: EUR 1 155 000 000. Development includes: - Port areas, incl. (renovation/reconstruction/construction) of fairways, wharves, hydraulic protective structures, access roads. -Development of the Liepāja metallurgical industrial park, which includes – the development of smart and sustainable infrastructure and RIS3 for smart areas of specialization (bioeconomy, smart energy, smart engineering systems, etc.), the improvement of the existing territory, including the improvement of the degraded and historically polluted factory territory, construction of new streets and communications). -Development of degraded territories, foreseeing the gradual development of the territory of the former Soviet Army military base - tourism, active recreation, creation of a residential. - Development of Jaunliepāja port promenade and adjacent areas.</p>
		<p>Action Plan for Economic Growth and Security Enhancement of the Eastern border area of Latvia 2025-2027.The funding required 355 585 331 EUR. The draft plan includes measures aimed at:</p> <ul style="list-style-type: none"> • Development of the economy of the Eastern border area; • Mitigation of security risks in the Eastern border area; • Development of human resources in the Eastern border area, incl. adaptation of the settlement and service network to demographic trends and forecasts
		<p>Improvement of the regional and local road network. Improvement of the regional and local road network in the context of the administrative-territorial reform still needs to be implemented in 28 road sections for an indicative amount of EUR 111 million. In order to ensure the safe reach of the administrative centres of the counties and the services and workplaces provided in them in the context of administrative-territorial reform, it is necessary to continue the restoration or reconstruction of the regional and local state motor roads.</p>
		<p>Increase of vocational education (VET) core funding (for implementing vocational education programs). Total investment needs - EUR 58 664 548. In order to ensure core funding that corresponds to the actual costs of implementing initial VET programs, it is necessary to increase the costs of implementing initial VET programs per student. The core funding (state budget) is inadequate and not sufficient for a full-fledged and high-quality learning process, preparing a qualified specialists who meets the needs of the labor market (core funding has not been revised since 2007).</p>

No.	EU priority	Description of investment needs
		RIS3 Industrial skills. Total investment needs - EUR 22 185 000. 1) Development of high-level digital skills for performers of commercial activities, academic and research staff; 2) Specialized training in innovation management for performers of commercial activities, academic and research staff.
		Implementing the institutional funding model. Total investment needs - EUR 118 000 000. Introduce an improved funding model based on labour market needs and learning outcomes. The result envisages more qualified graduates. The pilot project was launched on 1 September 2024. It is planned to move to institutional funding in all public universities from 2026. The project also envisages to pilot a model for awarding micro-qualifications.
		Increasing gradually the share of performance based funding in higher education and science. Total investment needs - EUR 26 000 000. Increasing the performance based component in funding of higher education and science. It is planned to increase the number of graduates employed in Latvia in skilled jobs (working in the profession), as well as to increase the number of researchers in terms of full-time equivalent (FTE).
		Implementation of the of the new academic career model. Total investment needs - EUR 83 864 757. Introducing a new framework for academic careers in all types of universities, colleges and research institutes, in line with good international practice, including improving the structure of positions, evaluation and career planning, introducing the positions of tenured professors and abandoning the procedure for electing academic staff in favour of recruitment procedures on the basis of a competition.
		Implementing of a new doctoral study model. Total investment needs - EUR 48 887 104. Introducing a new model of doctoral studies in science universities, in line with international best practice, linking the research and academic work of PhD candidates.
		Increase the financial refrence amount and performance based funding for science. Total investment needs - EUR 82 000 000. Ensure the achievement of investment targets in research and development increasing funding to 1.50% of GDP by 2027, including increasing State funding for research and development to 0.4% of GDP.
		Promote international cooperation for the development of technologies. Total investment needs - EUR 42 814 253. Provide co-funding for EU Microchip Joint Undertaking calls, funding for participation in European Space Agency programmes, CERN and EMBL/EMBC, provide funding for the establishment of State Research Programme in the field of quants and increase funding for bilateral research programmes (FR, Taiwan) and with Korea and the USA (including with Ukrainian scientists).
		Maintenance expenses of special educational institutions. Total investment needs - EUR 47 122 524. Regulations of the CoM of July 15, 2016 No. 477 "Procedures for financing special education classes (groups) of special education institutions and general education institutions" includes the list of maintenance expenses of special education institutions, determining the amount of maintenance expenses required per student receiving boarding services, per year. Taking into account the fact that the mentioned appendix was determined in 2007 and since then the expenses have not been revised, increasing the amount of expenses per student would ensure the maintenance of special educational institutions.
		The new model of financing teachers' salaries "Program in the school". Total investment needs - EUR 352 399 219. The model envisages resources for full-fledged implementation of the educational program, determining that funding is calculated for a specific educational institution, taking into account the amount of educational programs provided in it. There would be a transparent system for the remuneration of the employees of the educational institution necessary for the implementation of educational programs, which would allow gradual progress towards the goal that the remuneration of pedagogues is competitive compared to remuneration in other areas of the public sector.
		Increase the adequacy of the material support provided to families with children, to reduce the risk of poverty and/or social exclusion for households with dependent minor children. Funding: 2025 – EUR 98 700 000; 2026 – EUR 173 300 000; 2027 – EUR 191 900 000; 2028 – EUR 209 100 000. Investment include: <ul style="list-style-type: none"> • setting amount of state social benefits based on socio-economically justified indicators (median household income, changes in consumer prices) and ensuring their regular annual review; • development/ revision of eligibility criteria in order to increase the coverage of the beneficiaries; • increasing social protection in case of retirement for households with dependent minor children; • improving and expanding the quality and range of services provided to families with children.

No.	EU priority	Description of investment needs
		<p>Improve the adequacy of material support for children in out-of-family care. Funding: 2025 – EUR 9 900 000; 2026 – EUR 14 700 000; 2027 – EUR 15 200 000; 2028 – EUR 15 700 000. Investment include:</p> <ul style="list-style-type: none"> • setting amount of state social benefits based on socio-economically justified indicators and ensuring their regular annual review; • increasing social protection coverage; • expanding the accessibility of out-of-family care services and improving their quality. <p>Ensure the availability of social services according to the needs of citizens, to increase their range and quality. Funding: 2025 – EUR 41 500 000; 2026 – EUR 42 300 000; 2027 – EUR 44 500 000; 2028 – EUR 41 600 000. Investment include:</p> <ul style="list-style-type: none"> • ensuring a regular revision of the content of services according to the needs of citizens and a revision of service costs according to the actual market prices; • providing support to municipalities for the implementation of the minimum social service basket; • development of social service governance and ensuring high-quality service providers and specialists; • improving service infrastructure. <p>Increase support for persons with low and insufficient income by providing food support and basic material assistance to households with low-income and in crises situations and by increasing state budget co-financing to municipalities from 30% till 50% for provision housing benefit. Funding: 2025 – EUR 15 300 000; 2026 – EUR 25 700 000; 2027 – EUR 29 200 000; 2028 – EUR 31 400 000.</p> <p>Construction of affordable housing in the regions. Goal: construction of affordable (low-rent) houses with the aim of promoting the availability of housing that meets construction standards and energy efficiency requirements for households (“missing middle”) that cannot afford housing on market terms. Support program for the construction of low-rent housing has been implemented since 2022 and is financed from the funding of the Recovery Fund. The available funding for the support program is EUR 51 900 000, including funding from the Recovery Fund EUR 42 900 000. A total of 467 apartments can be built with this financing. After the improvement of support program in 2023 and 2024, interest about support program has significantly increased. At the given moment, 4 loan agreements have been concluded for the total number of 314 apartments, while 7 projects are still under evaluation. Demand for funding is insufficient for all projects under evaluation. 44% of households or more than 350 thousand households do not have sufficient income to afford adequate housing at the market price. Accordingly, it is essential to continue implementation of support program and provide additional funding, ensuring the continuity of creation of affordable rental housing. Annually required funding: EUR 50 000 000, for which 460 apartments can be built annually.</p>
3	Energy security	<p>Port of Ventspils- construction of a service terminal for offshore wind farms. Total needed investments of EUR 130 000 000 -190 000 000 are estimated. The establishment of the terminal would allow the port to engage in a completely new business niche that currently does not exist in Latvia - servicing offshore wind farms during their construction phase and becoming a production base for wind turbine oversized structures. The project is considered to be of national importance.</p> <p>Ensuring energetic security of territories and infrastructure in the Port of Liepāja. Total sum of investment needs: EUR 2 266 000 000.</p> <ul style="list-style-type: none"> - Electrification of port berths. - Renovation of the harbor master's service building complex. - Development of the foreshore area: <ol style="list-style-type: none"> 1. The development project envisages the creation of a new pier in Liepāja port, from which the necessary equipment would be delivered to the Baltic Sea (for the construction of wind energy parks). 2. Construction of a green hydrogen factory and export terminal in the territory of Liepāja port. It is planned to connect 1,000 MW of electrical power to the plant, providing the opportunity to produce approximately 150,000 tons of green hydrogen per year. A large amount of heat and O2 will be produced as a by-product. 3. Construction of the SAF (Sustainable Aviation Fuel) factory project. 4. Building of production plant, where the hydrogen-powered airplanes would be assembled. Aircraft testing processes could take place at Liepāja airport. 5. It is planned to install Carbon Capture equipment for the collection of 800,000 tons of CO2, which is expected to either be transported to the

No.	EU priority	Description of investment needs
		<p>former gas deposits in the Baltic or North Sea for storage or used as a raw material in industry (for example, for the production of SAF fuel, etc.). It is necessary to build the main CO2 pipeline to the port of Liepāja, and to build a terminal in the port.</p> <p>Construction of Salacgrīva port, incl. deepening of the ship channel, for maintenance and development of offshore wind farms, investments EUR 25 000 000 -120 000 000.</p> <p>Construction of the external port of Roja port, incl. deepening of the ship channel and water area to 7.0 m; construction of piers and slipway, creation of a new territory (8 ha) for the establishment of a service base for offshore wind farms in the Gulf of Riga, investments EUR 25 000 000-50 000 000.</p> <p>Synchronization of the electricity networks of the Baltic states with the continental European network – EUR 60 300 000.</p> <p>Modernisation of the underground gas storage -EUR 88 000 000.</p> <p>Implementation of energy storage solutions in high-capacity power generation stations - EUR 20 000 000.</p> <p>Use of electricity storage technologies for companies and individuals - EUR 60 000 000.</p>
4	The build-up of defence capabilities	<p>Renovation and creation of shelters and places, where to shelter The necessary funding 2025 – 2028 EUR 9 867 990 annually; 2029 – 2034 EUR 59 207 940. It is intended to ensure the restoration and establishment of shelters (312) and places, where to shelter (1249) for the protection of people in the event of war, military invasion and disasters. As part of the action, a safer environment will be created, meaning people will have access to places where to shelter in the event of war, military invasion or other threats and protect themselves from devastating factors such as shock wave of the explosion, shrapnel, bullets, broken glass, radioactive contamination.</p> <p>Construction of 15 new disaster management centers The necessary funding 2025 EUR 31 463 376; 2026 EUR 67 069 762; 2027 EUR 14 296 068; 2028 EUR 8 592 726. In order to ensure a comprehensive national protection system and efficient, rapid and high-quality cooperation and coordination of the services involved in disaster management, it is necessary to build 15 new disaster management centers, allocating in them State fire and Rescue Service depots alongside with the other services. The construction of disaster management centers is planned in accordance with the regional principle, planning construction as a priority in those places where there are the most calls and a higher proportion of society.</p> <p>Development of infrastructure to strengthen the response capacity of the Home Affairs services The necessary funding 2025 EUR 2 533 070; 2026 EUR 34 268 667; 2027 EUR 32 611 049; 2028 EUR 116 645 002; 2029 EUR 36 875 460. In order to ensure the capacity of the Home Affairs services to fulfil international commitments in the field of search and rescue, as well as to increase response capacity and operational action in any threat situation, including in the event of a terrorist and military invasion, infrastructure is required to meet the requirements of the critical infrastructure. In addition, mid-class aircraft, helicopters and adequate infrastructure for their storage, maintenance, as well as appropriately trained personnel, are also required to meet civil aviation safety standards.</p> <p>Construction of a new building for the “Academy of Internal Security” consortium The necessary funding 2025 EUR 1 653 119; 2026 EUR 2 406 833; 2027 EUR 5 341 537; 2028 EUR 6 854 635; 2029 – 2034 EUR 61 850 790. A consortium “Internal Security Academy” was established by signing agreement between the Ministry of the Interior the State Police College, Rīga Stradiņš University and the University of Latvia. The needs of the Internal Security Academy require the development and modernization of infrastructure at Ezermalas Street 10D, Riga, where the State Police College is currently located. A new training corps, a cyber training ground and a tactical training ground are planned to be built. It is also planned to build a 640 m² shooting gallery, a sports field, as well as to rebuild the weapons and ammunition storage facility.</p> <p>Implement a climate-neutral and navigation safety-compliant auxiliary fleet in the Port of Riga. The additional financing required for the full implementation of the project is approximately EUR 100 000 000. The project aims to develop a safe and sustainable ship service infrastructure, ensuring that the port's technical fleet meets the intensity of maritime traffic, reducing the number of shipping-related incidents in the port, and minimizing the environmental impact of the Freeport of Riga. A gradual replacement of the existing port's technical fleet with a new, modern, more environmentally friendly, and multifunctional fleet (including military mobility functions) is planned.</p> <p>Reconstruction of piers in the Port of Riga. The total financing required for the implementation of the project is approximately EUR 64 000 000. The East and West Breakwaters of the Port of Riga are among the most important hydraulic structures of the port, which separate the port's water</p>

No.	EU priority	Description of investment needs
		<p>area from the currents of the Gulf of Riga, sand sediments and other factors, ensuring the maintenance of the established parameters (width and depth) of the port's main shipping channel. To improve the port infrastructure and ensure its good technical condition and improve maritime safety, it is necessary to reconstruct the jetties.</p>
		<p>Dredging of the harbor area in the Port of Riga. The total financing required for the implementation of the project is approximately EUR 31 200 000. To improve the port's navigational safety, defensive capacity, and vessel traffic, it is necessary to ensure the independent maintenance and development of the shipping channels by widening and deepening the shipping lanes. The project aims to widen and deepen the main shipping lane of the Port of Riga from 100 m to 150 m to ensure safe handling of all types of vessels that may enter the Baltic Sea in the Port of Riga, including the deepening and reconstruction of the port's ship channel - Daugavgrīva-Rīnūži-Mangaļi ship channel deepening to 16.0-17.0 m; White Church ship channel deepening to 15.5 m.</p>
		<p>Purchase of own dredging vessel in the Port of Ventspils. Investments of EUR 25 000 000 are needed. As the cargo turnover in Latvian ports is falling, it is not always possible to attract the dredging service and maintain appropriate depths in the necessary volume. Both for permanent operation and especially for emergency situations, it would be necessary to purchase own dredging vessel that would ensure the maintenance of the necessary depth in Latvian ports.</p>
		<p>Ensuring/increasing the defence capabilities of territories and infrastructure in the Port of Liepāja. Total sum of investment needs: EUR 163 000 000. Investments include:</p> <ul style="list-style-type: none"> - Construction of railway and road access roads in Karosta. - Construction of a new drawbridge in Karosta. - Ensuring military mobility (reconstruction/rebuilding of port piers, development of access roads, etc.). - Airport infrastructure development (runway extension, terminal construction, etc.). <p>-Protection of critical infrastructure aimed at reducing potential cases of sabotage for electricity points, railways, etc. critical infrastructure objects.</p>
		<p>Increasing defence capabilities in 2025-2028. Necessary to develop a set of measures of the National Armed Forces, which is primarily aimed at overcoming the national threat. For 2025 - 73 250 000 EUR, for 2026 - 208 190 000 EUR, for 2027 - 121 100 000 EUR, for 2028 - 147 600 000 EUR</p>
		<p>New forest fire stations and specialized transport sheds. Forest firefighting stations (FFS) are defined as the critical infrastructure of category D of the sector, whose operationality has been declared as critical during a state of emergency or war. To ensure and save operational capabilities of FFS network, during the Planning Period, State Forest Service needs to build 12 new forest fire stations and rebuild 5 existing specialized 4x4 transport sheds. There is also a need of further development of the introduction of a remote fire detection and monitoring video system (AUANS), which could replace fire watch out towers duty observers. The total required funding amount between years 2025 and 2028 is up to EUR 25 150 000 (State Forest Service).</p>
		<p>Innovation Investment Fund / Support for dual-use products. Support for the production of new dual goods and products, including prototyping, training, acceleration services and working capital is needed to ensure quality support targeted to sectoral needs and to promote investments that also contribute to long-term defence and national security. At the same time, in order to stimulate the development of high-tech innovation in Latvia, especially in cases where there are no other alternative sources of funding, a new Innovation Investment Fund is proposed. Necessary funding – EUR 120 000 000.</p>

10. FISCAL RISKS

According to the national fiscal discipline framework⁹, when setting the structural balance targets, the Fiscal Security Reserve is taken into account, i.e., a "safety cushion" that accumulates fiscal risks during budgetary implementation when macroeconomic and fiscal indicators deviate from their planned values.

Early identification of fiscal risks allows the public administration to implement budgetary policies and measures to limit the build-up of financial problems, as failure to identify fiscal risks in time and to have a plan to address them can lead to additional financial liabilities for the government, increase in financing necessity, a significant increase in public debt, risk of public debt refinancing and even a financial crisis.

Fiscal risk management was established to ensure the stability of fiscal indicators (i.e., projected GDP, planned general structural balance of the government budget, projected general government budget balance, projected government revenue and adjusted government expenditure ceilings) over the medium term.

Every year, before the start of the budgetary procedure, a document - Declaration of Fiscal Risks- is prepared, which identifies fiscal risks, likelihood of their occurrence and fiscal impact is assessed, measures required to prevent or mitigate them are identified, and results in the calculation of the Fiscal Security Reserve. **Fiscal Security Reserve for 2025, 2026 and 2027 is set at 0.1% of GDP.**

A major part of the identified risks are symmetric in nature, and the new EU economic governance framework accordingly confirms approach of the MoF to accounting of symmetric risks. The new EU economic governance framework foresees the creation of a control account, which will register deviations from the agreed fiscal trajectory. Such deviations affect general government budget deficits and debt, but have no impact on deficit and debt indicators in the medium term. In a year when the fiscal trajectory is lower than planned, the control account will reflect credit, while in a year when the fiscal trajectory is higher than planned, the control account will reflect debit. If general government deficits and debt exceed the reference values (3% of GDP for deficits/60% of GDP for debt), then control account deviations will be one of the relevant factors assessed by the EU Council when deciding whether to open an Excessive Deficit Procedure.

Economic shocks have a significant negative impact on a country's fiscal performance, and optimal fiscal policy should mitigate these effects where possible. The public finance system should be made as resilient to economic shocks as possible. Therefore, while these aspects are not directly related to fiscal risks in the sense defined in the country's fiscal discipline legal framework, the Declaration of Fiscal Risks also includes information on how economic shocks may affect fiscal performance: information on the country's exposure to commercial corporations, exposure to guarantees and the impact of economic shocks on public debt. Long-term debt sustainability is also addressed separately, which is not a fiscal risk in the sense of the Declaration of Fiscal Risks but has significant impact on the stability of public finances.

⁹ Section 16 of the Fiscal Discipline Law, CoM Regulation No. 229 of 29 April, 2014 "Regulations Regarding the General Management of Fiscal Risks and Methodology for Determining the Amount of Fiscal Security Reserve".

Contingent liabilities

Public corporations not classified in S.13 sector

According to the data collected by the MoF (Figure 10.1), which are compiled in accordance with Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States, it may be concluded that participation of general government sector in public corporations is stable, but on a downward trend.

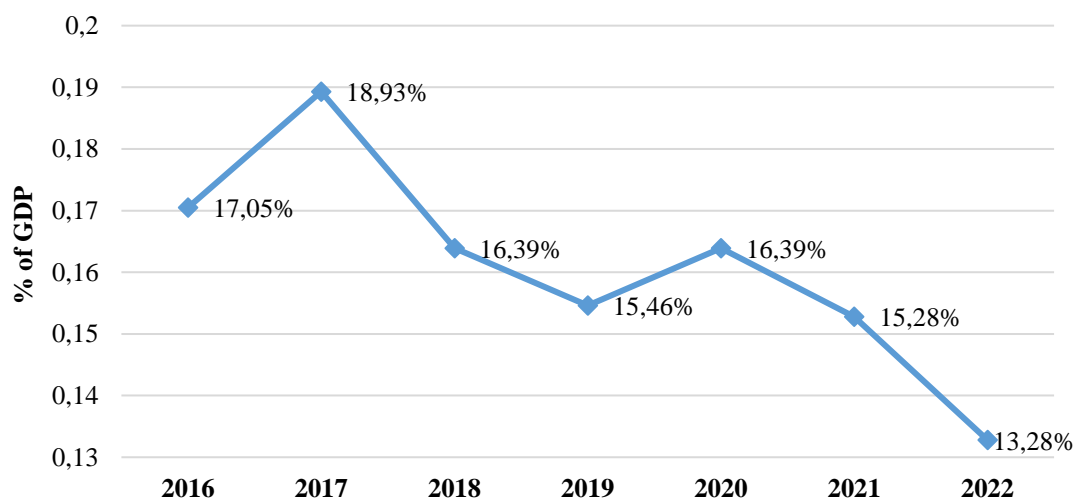


Figure 10.1. Value of general government sector participation in public corporations 2016-2022, % of GDP. Source: Eurostat

General government sector exposure to public corporations is volatile over time, but the corridor of fluctuations is within certain boundaries and does not indicate significant increase in risk, and there is no reason to believe that it would increase in the medium term.

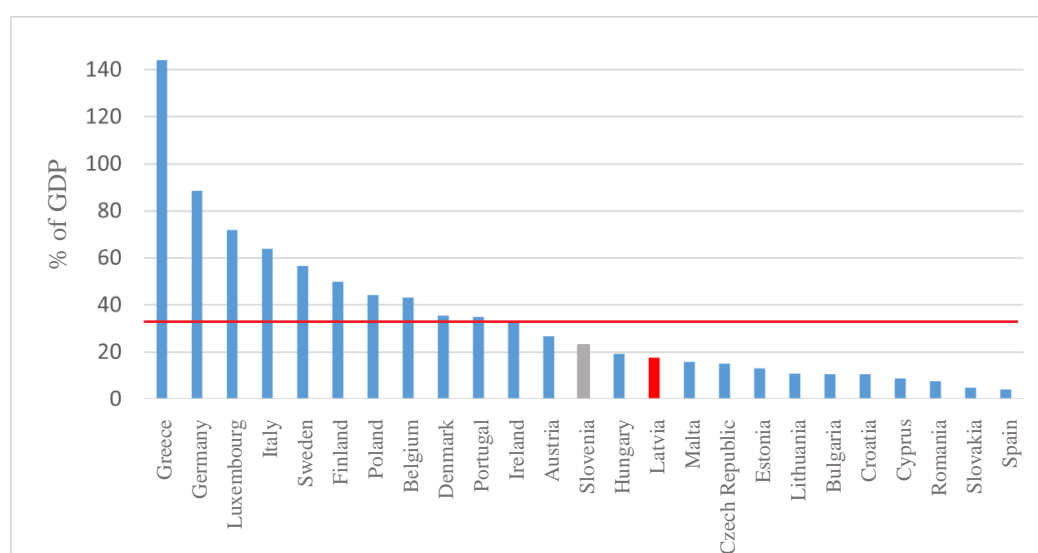


Figure 10.2. Total liabilities of public corporations controlled by general government (non-S.13) in 2022, % of GDP. Source: Eurostat

For cross-country comparisons, Eurostat data on the total liabilities of public corporations controlled by the general government (non-S.13) is used, which could even more accurately reflect the potential magnitude of the impact in cases where the government would have to assume the liabilities of the capital companies. As shown in Figure 10.2, in terms of liabilities of the

aforementioned capital companies, Latvia is below the median of EU Member States (grey column in Figure 10.2, corresponding to indicator of Slovenia) and the average indicator (red line in Figure 10.2), while it should be noted that this indicator for Latvia has been relatively stable over the long term, hovering around the 20% of GDP mark, as shown in Figure 10.3. Decline in the indicator in 2021 and 2022 can be explained by a significant increase in GDP.

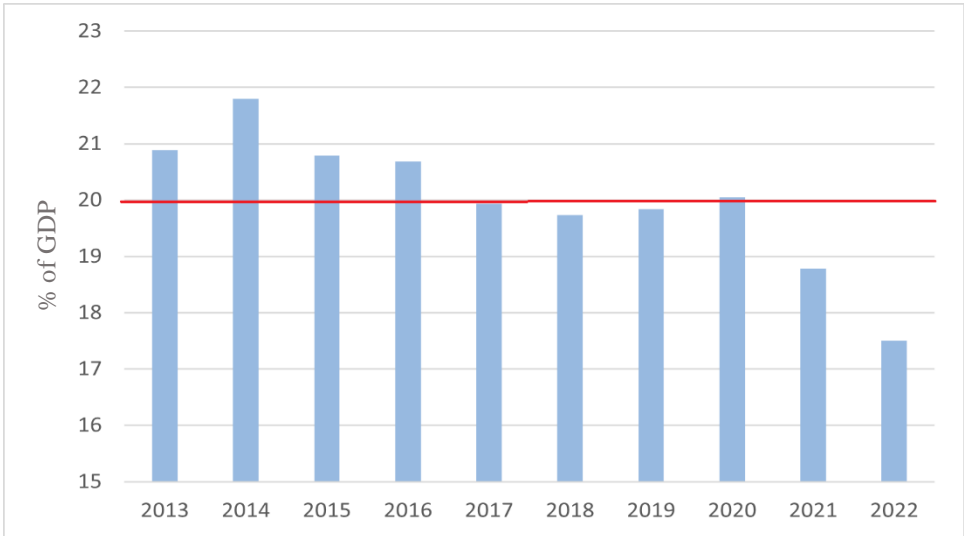


Figure 10.3. Total liabilities of public capital companies controlled by general government (non-S.13), 2013-2022, % of GDP. Source: Eurostat

General government sector guarantees

Another form of state support to public and private commercial companies to mitigate the effects of crises both in Latvia, Europe and globally is through financial instruments, including general government sector guarantees.

Impact on public finances in this case may arise if the beneficiary of the guarantee is unable to meet its credit obligations, and the general government sector has to take them over. An additional risk may also occur, if the originally estimated losses caused by guarantees accounted for as general government expenditure materialise to a greater extent.

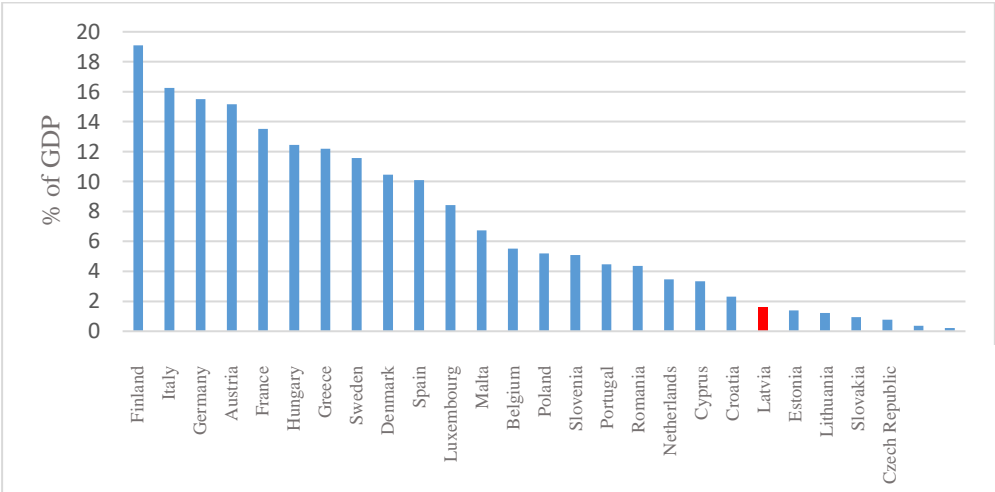


Figure 10.4. Amount of the general government sector guarantees in 2022, % of GDP (provided to institutions classified outside the general government sector and excludes those already recognised as general government debt according to the ESA methodology) Source: Eurostat

Value of general government guarantees in 2022, expressed as % of GDP by the EU Member States, is shown in Figure 10.4. It can be unambiguously concluded from *Eurostat* data that, among EU Member States, the amount of guarantees issued by the Latvian general government sector is low (despite the support provided to mitigate the impact of Covid-19), and this trend has been observed over a long period of time, as shown in Figure 10.5.

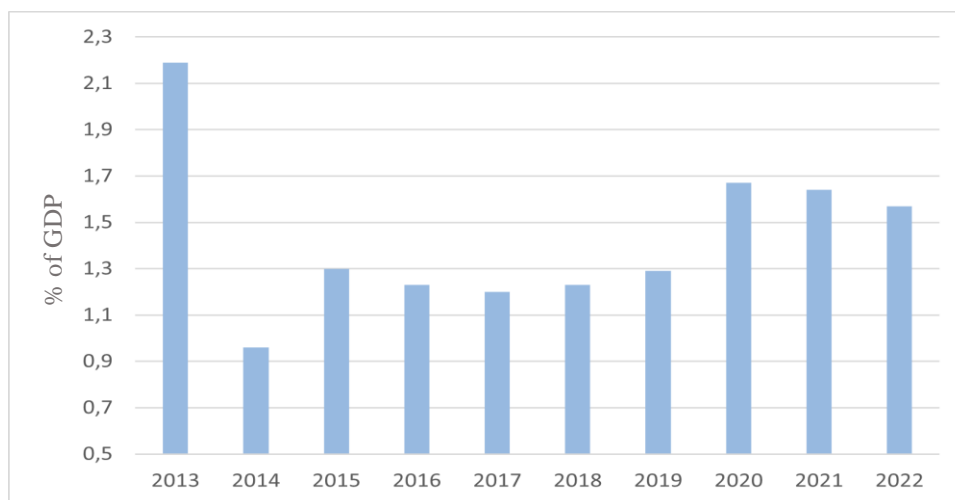


Figure 10.5. Amount of the general government sector guarantees 2013-2022, % of GDP
(provided to institutions classified outside the general government sector and excludes those already recognised as general government debt according to the ESA methodology) Source: Eurostat

Minister for Finance

A. Ašeradens