



Brussels, 16.5.2024
C(2024) 3393 final

COMMISSION IMPLEMENTING DECISION

of 16.5.2024

on the authorisation of the disbursement of the second instalment of the non-repayable support for the Republic of Latvia

(Only the Latvian text is authentic)

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility¹, and in particular Article 24(5) thereof,

Whereas:

- (1) According to Article 4(2) of Regulation (EU) 2021/241, the specific objective of the Recovery and Resilience Facility is to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans.

Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Latvia² (the ‘Council Implementing Decision’) provides that the Union is to release instalments in accordance with the Financing Agreement conditional on a decision by the Commission, taken in accordance with Article 24(5) of Regulation (EU) 2021/241, that Latvia has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

- (2) On 22 December 2023, Latvia submitted a request for payment, accompanied by a management declaration and a summary of audits. The request concerned the second instalment of the non-repayable support. Pursuant to Article 24(3) of Regulation (EU) 2021/241, the Commission assessed on a preliminary basis whether the relevant milestones and targets set out in the Council Implementing Decision had been satisfactorily fulfilled. For the purpose of this assessment, the Operational Arrangements concluded between the Commission and Latvia³ in accordance with Article 20(6) of Regulation (EU) 2021/241 were taken into account.
- (3) The Commission made a positive preliminary assessment of the satisfactory fulfilment of all 43 relevant milestones and targets and, in accordance with Article 24(4) of Regulation (EU) 2021/241, provided its findings to the Economic and Financial Committee asking for its opinion on the satisfactory fulfilment of the relevant milestones and targets. In accordance with Article 25(4) of that Regulation, the

¹ OJ L 57, 18.2.2021, p. 17.

² ST 10157/21, ST 10157/21 ADD 1 and ST 15569/23. ST 15569/23 ADD 1, not yet published.

³ Recovery and Resilience Facility Operational Arrangements between the European Commission and Latvia entered into force on 16 February 2021 with modifications entered into force on 22 March 2024.

Commission provided the competent committee of the European Parliament with an overview of its preliminary findings concerning the satisfactory fulfilment of the relevant milestones and targets. The Economic and Financial Committee agreed with the Commission's positive preliminary assessment and was of the opinion that Latvia had satisfactorily fulfilled all the milestones and targets associated with the payment request. The Commission has taken the opinion of the Economic and Financial Committee into account for its assessment.

- (4) Section 2(1.2.) of the Annex to the Council Implementing Decision provides the relevant milestones and targets that are to be satisfactorily fulfilled for the second instalment of the non-repayable support for an amount of EUR 388 000 000.
- (5) Milestone 7 provides for the entry into force of a support programme for improving energy efficiency in residential buildings. The evidence provided by Latvia demonstrates that a support programme for improving energy efficiency in residential buildings with eligibility criteria to reflect the requirements of the applicable intervention field "025bis – energy efficiency renovation of existing housing, demonstration projects and support measures meeting energy efficiency criteria" of Annex VI of the RRF Regulation has entered into force. The Council Implementing Decision required that the support programme take the form of a financial instrument (loan) with a capital discount of up to 49% of the amount of the loan. As evident from Paragraph 4 and sub-paragraphs 4.1, 4.2 and 4.3 of Cabinet Regulation No. 460, the support provided by Altum, always subject to the requirement of Paragraph 25, might also take the form of a guarantee with a capital discount when the beneficiary has entered into a loan agreement with a third party and no parallel loan from Altum is envisaged in the financing strategy chosen by the applicant. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, this deviation does not alter the nature of the support programme and does not affect the progress towards the achievement of the objective of the measure, as indicated in the Council Implementing Decision. Importantly, energy efficiency projects are still supported through the support programme, and the eligibility criterion of Paragraph 25 requiring that the project delivers at least 30% reduction in primary energy use is all the time applicable. Furthermore, the provisions of sub-paragraph 4.2 concerning aid provided in the form of a guarantee are not a replacement of the loan, but an additional support option for those projects where a loan could be already obtained from a third party and no parallel loan from Altum is envisaged by the financing strategy chosen by the applicant. In these cases, Altum might provide support in the form of a guarantee with a capital discount applied to the loan issued by a third party and to which the Altum guarantee is attached. This additional support modality, rather than negatively affecting the progress towards the achievement of the objective of the measure, positively boosts the reach of the investment measure overall. The form "loan with capital discount" is still available to all those applicants which have chosen this form of financing as the most appropriate for their project. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (6) Milestone 10 provides for the entry into force of a support programme in the form of a combined financial instrument to improve energy efficiency of businesses. The evidence provided by Latvia demonstrates that a Regulation approved by the Cabinet of Ministers supporting the implementation of programmes to improve energy efficiency of businesses has entered into force. The Council Implementing Decision required the support programme to take the form of a combined financial instrument

(loan with a capital discount). The support programme implemented by Latvia, in certain specific cases where a loan is not contemplated in the financing strategy of a project (the design of this strategy rests with the applicants), can also take the form of a guarantee and a capital discount in the context of the applicant concluding a leasing agreement with a third party. Whilst this constitutes a minimal substantive deviation from the requirement of the Council Implementing Decision, the deviation does not change the nature of the measure and does not affect the progress towards achieving the investment that the milestone represents as it provides for a combined financial instrument supporting energy efficiency measures in businesses. The “guarantee with a capital discount” is expected to support the purchase of zero-emission vehicles for which a loan solution was not considered the most effective financing solution by the applicant. This additional support modality, rather than negatively affecting the progress towards the achievement of the objective of the measure, positively boosts the reach of the investment measure. The form “loan with capital discount” is still available to all those applicants which have chosen this form of financing as the most appropriate for their project. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (7) Milestone 13 provides for the entry into force of a Cabinet Regulation laying down implementing conditions for improvement of local government buildings and infrastructure, promoting the transition to the use of renewable energy technologies and improving energy efficiency. The evidence provided by Latvia demonstrates that a Cabinet Regulation has entered into force laying down implementing conditions for improvement of local government buildings and infrastructure, promoting the transition to the use of renewable energy technologies and improving energy efficiency, with eligibility criteria to reflect requirements of applicable intervention field “026 bis – Energy recovery or energy efficiency measures for public infrastructure, demonstration projects and support measures meeting energy efficiency criteria” of Annex VI of the RRF Regulation. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (8) Milestone 16 provides for the entry into force of a support programme for improving energy efficiency in national and historical buildings. The evidence provided by Latvia demonstrates that a support programme for improving energy efficiency in national and historical buildings with eligibility criteria to reflect requirements of applicable intervention field “026 bis – Energy recovery or energy efficiency measures for public infrastructure, demonstration projects and support measures meeting energy efficiency criteria” of Annex VI of the RRF Regulation has entered into force. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (9) Milestone 22 provides for the publication of an information report on the implementation of the disaster risk management system approved by the Cabinet of Ministers. The evidence provided by Latvia demonstrates that the Ministry of the Interior has published an informative report to the Cabinet of Ministers, in agreement with the institutions involved in the disaster management system, on the construction sites of disaster centres, construction areas and costs at each construction site, as well as the indicative timetable for the implementation of the disaster management plans to be deployed at each site and on the conclusion of construction contracts. The informative report was adopted by the Cabinet of Ministers and published in the Official Journal on 14 June 2022. Furthermore, the evidence demonstrates that the report also includes an overall reform progress report and an implementation plan on

the following reform components: (i) technical capacity building (notably on the upgrading of specialised response and rescue vehicles), (ii) timetable for implementation of related disaster management ICT solutions, and (iii) progress on implementation of training and preventive measures. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (10) Milestone 27 provides for the establishment of a legal framework for unified governance management of Information and Communications Technology (ICT) development activities in public administration. The evidence provided by Latvia demonstrates that Regulations of the Cabinet of Ministers laying down common procedures for monitoring ICT development activities have entered into force. The provisions regulating the development of information systems of “newly created institutions financed by the State budget” under Cabinet Regulation No. 367 and the Article 3 of Cabinet Regulation No. 368, relevant to the fulfilment of the requirements for the milestone, enter into force on 1 July 2024, as is evident from Article 5 of Cabinet Regulation No. 367 and Articles 21 and 22 of Cabinet Regulation No. 368. Whilst this constitutes a minimal temporal deviation from the requirement of the Council Implementing Decision, the delay between the entry into force of Cabinet Regulation No. 367 and Article 3 of Cabinet Regulation No. 368 and the actual application of the provisions is considered both limited and proportional, notably, due to the adaptation of the ‘National Information Resources, Systems and Interoperability Information System’ (VIRSIS – *‘Valsts informācijas resursu, sistēmu un sadarbspējas informācijas sistēma’*) which was completed in February 2024, as evidenced by Cabinet of Ministers Regulation No. 89 ‘Rules for the National Information Resources, Systems and Interoperability Information System’ which entered into force on 8 February 2024. Moreover, both Regulations No. 367 and 368 were adopted by the Cabinet of Ministers on 4 July 2023 and published in the Official Journal on 11 July 2023, and their provisions, referred to above, clearly indicate their future date of entry into force and, thus, the beginning of their application. This provides certainty of their application and of the beginning of their legal effects. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (11) Milestone 28 provides for the establishment of a normative framework for receiving support in the field of digital transformation of public administration processes and services. The evidence provided by Latvia demonstrates that a Cabinet of Ministers Regulation has entered into force for granting support in the field of digital transformation of public administration processes and services. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (12) Milestone 31 provides for the establishment of the legal framework for receiving support in the area of development of central IT systems and platforms of public administration and consolidation of computing infrastructure services. The evidence provided by Latvia demonstrates that a legal framework has entered into force for granting support in the area of development of central IT systems and platforms of public administration and consolidation of computing infrastructure services. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (13) Milestone 37 provides for the entry into force of the legal framework for granting support in the field of transformation of economic data management. The evidence provided by Latvia demonstrates that a legal framework has entered into force for granting support in the field of transformation of economic data management

harmonised by the Cabinet of Ministers. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (14) Milestone 40 provides for the establishment of the European Digital Innovation Hub (EDIH). The evidence provided by Latvia demonstrates that the EDIH is in operation in line with the Digital Europe Programme priorities and forms part of the network of a common European Digital Innovation Hub. Furthermore, the evidence demonstrates that the EDIH serves as a one-stop shop for the coordination of the digital transformation of businesses. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (15) Milestone 41 provides for the regional business support centres to start providing new digital transformation support functions. The evidence provided by Latvia demonstrates that the regional business support centres have started providing the following new digital transformation support functions: digital maturity tests in regions; access to testing and piloting; mentoring and digital skills training. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (16) Milestone 42 provides for the establishment of a digital maturity test system for entities to identify the actions needed by the entities and state support. The evidence provided by Latvia demonstrates that a digital maturity test system for entities was established. The digital maturity test is a digital tool available on the EDIH website, which assesses an entity's digital maturity in various aspects and may be filled by the entity independently or with the help of a consultant. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (17) Milestone 69 provides for a development of the common framework for the assessment of basic digital skills, the identification and planning of training needs and the assessment. The evidence provided by Latvia demonstrates the development of a common framework for the assessment of basic digital skills, the identification and planning of training needs and the assessment based on DigComp 2.1 have entered into force. The Council Implementing Decision states that legislative acts should have entered into force establishing a common framework for the assessment of basic digital skills, the identification and planning of training needs and the assessment based on DigComp 2.1. The recovery and resilience plan provides that the common framework in the assessment of basic digital skills consists of learning outcomes. As explained by the national authorities, the learning outcomes are statements of what an individual should know, understand and/or be able to do at the end of a learning process, which are defined in terms of knowledge, skills and responsibility and autonomy. Learning outcomes form the common basis on which national qualifications frameworks are built and influence the definition and writing of qualifications and curricula as well as the orientation of assessment and teaching and training. In accordance with the Latvian recovery and resilience plan, the learning outcomes had been implemented in the regulations of all levels of education, leaving out the field of non-formal education. The text of the recovery and resilience plan focuses on the necessity to complement and strengthen the regulatory base of non-formal education, lacking the same rules on assessment of basic digital skills as in the other study levels. Additionally, the Commission took into account in its assessment that a common framework as such is not typically being established by means of legislative acts alone. In addition, in order to fill in the legislative gaps in non-formal education and implement in legislation the necessary changes to establish a common framework across both formal and non-formal education, the national authorities have

adopted the amendments to the Education Law and adopted Cabinet of Ministers regulation No. 395 of 13 July 2023 “Procedure for issuing a permit for the implementation of the non-formal education programme”. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (18) Milestone 70 provides for amending legislation on national higher educational standards, to set out the results to be achieved in the acquisition of digital competences and provide that higher education programmes are drawn up, licensed and accredited to include such achievable study results. The evidence provided by Latvia demonstrates that amendments to national higher education standards (State Standard for Higher Academic Education and National Standard for Higher Vocational Education) have entered into force. Furthermore, the evidence provided demonstrates that amendments establish the results to be achieved in the acquisition of digital competences. The Council Implementing Decision required that the reform for amending higher education standards shall be implemented by 31 December 2022. The amendments to the existing legal acts defining the state standards of higher education for all types of higher education programmes were adopted on 20 December 2022 (Cabinet Regulations No. 802, 803 and 804) and entered into force on 1 January 2023. Whilst this constitutes a minimal deviation from the requirement of the Council Implementing Decision, the delay between the adaptation of these regulations and the entry into force is acceptable since the delay of one day is considered minor. As for this, this minimal deviation does not change the nature of the measure and does not affect the progress towards achieving the reform that the milestone represents. At the same time, transitional provisions to the amended higher education standards in the Cabinet Regulations No. 804 and 305 (the initial Cabinet Regulation No. 802 and No. 803 merged into the Cabinet Regulations No. 305) provided that the newly established results in acquisition of the digital competences at the institutional level shall be introduced in the study programmes within 12 months from the day of accreditation of a study field in cases when the accreditation of a relevant study field was made after 31 December 2022. As explained in the annotations (explanatory document annexed to the regulations) of the Cabinet Regulations No. 802, 803 and 804, the new requirement of the acquisition of digital transversal competence must be included in all accredited study fields of higher education institutions, at the level of descriptions of the content and implementation of studies, which is a special document regulating the study programme. Whilst this constitutes a minimal deviation from the requirement of the Council Implementing Decision, the delay between the adaptation of these regulations and the actual application of the provisions is considered both limited and proportional. Notably, it is necessary to provide higher education institutions an adequate time period to ensure practical preparation of study-regulating documentation as this represents a time and human resource intensive process. Moreover, since the application process of the delayed newly established results is envisaged in both Cabinet Regulations No 804 and 305, it is considered that there is a certainty of application and the beginning of legal effects. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (19) Target 85 provides for the renovation or rebuilding of 70 km of regional and local roads for the safe accessibility of the county administrative centres and their services and jobs and for the full functioning of the new municipalities. The evidence provided by Latvia demonstrates that the state regional and local roads have been renovated or rebuilt for the accessibility to the administrative centres of the counties and their services and jobs and for the full functioning of the new municipalities and that works towards the improvement of road safety have been completed for each road section.

On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (20) Milestone 89 provides for the adoption of the legal basis for implementing support for capacity building of local governments. The Council Implementing Decision required the adoption of Cabinet Regulations for the implementation of support for capacity building of local governments. Instead of adopting Cabinet Regulations, an informative report of the Cabinet of Ministers was adopted by a Protocol Decision of the Cabinet of Ministers on 8 November 2022. As follows from the Procedures, the informative report together with the Protocol Decision gives a legal mandate to the Ministry of Environmental Protection and Regional Development (hereinafter referred to as ‘MoEPRD’) to implement the investment 3.1.1.2.i., support for capacity building of local governments, in line with the description of the milestone. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, the adoption of an informative report instead of Cabinet Regulations complies with the internal procedures of Latvia. In particular, the Guidelines prepared by the Ministry of Finance for the development of an informative report or Cabinet Regulations regarding the implementation of the reform or investment of the European Union Recovery and Resilience Mechanism Plan sets the criteria for the adoption of the Cabinet Regulations or the informative report for implementation of the measures related to the recovery and resilience plan. In accordance with point 6 of the Guidelines, it is recommended to prepare an informative report of the Cabinet of Ministers rather than a Cabinet Regulations in case the support is foreseen for a predetermined public body (state budget institutions and state companies, or institutions subordinate to the Ministries), or private entity carrying out a delegated task of the public administration. Investment 3.1.1.2.i. intends to provide support to municipalities. The informative report was issued by the Cabinet of Ministers in the form of an internal legal act – the Protocol Decision-, which in accordance with Article 12 of Cabinet Regulation “Rules of Procedures of the Cabinet” is legally binding on subordinate institutions and officials of the Cabinet of Ministers and therefore has in that respect a legal value equivalent to Cabinet Regulations. Given that the MoEPRD is a subordinate institution to the Cabinet of Ministers, an internal legal act such as the informative report is legally binding on the MoEPRD, and the MoEPRD has been tasked with the implementation of support for capacity building of local governments in accordance with Paragraph 8 of Cabinet Regulations No. 621 of 7 September 2021 “Procedures for the Implementation and Monitoring of the Plan of the European Union Recovery and Resilience Facility”. In addition, the list of relevant tasks was included (e.g., to ensure implementation of the investment 3.1.1.2.i. in accordance with the scope of the Informative Report; to request the funding; to request new employees for successful implementation of the investment 3.1.1.2.i.) in the Protocol Decision of the Cabinet which provides for further action for implementation of the investment and is legally binding on the MoEPRD. Therefore, this minimal deviation does not affect the progress towards achieving the investment that the milestone represents. Furthermore, the evidence provided by Latvia demonstrates that the informative report defines the scope and parameters of the capacity building actions in the municipalities, includes municipal public service assessments and a provision on methodological support and capacity-building, and defines the piloting ways of planning and providing municipal public services. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (21) Milestone 93 provides for the adoption of a support programme for the development of industrial parks and territories in the regions. The evidence provided by Latvia demonstrates that Regulations of the Cabinet of Ministers laying down the conditions and criteria for the provision of aid to industrial areas have been drawn up and adopted. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (22) Milestone 99 provides for the adoption of a housing affordability strategy specifying policy indicators, directions of actions, and tasks for promoting housing affordability. The evidence provided by Latvia demonstrates that the housing affordability strategy has been adopted and includes directions of action, policy indicators and a set of tasks for promoting access to housing, providing solutions for housing affordability support to households of different types and income levels, including the lowest-income households, and that support mechanisms and regulations promote both the repair of the existing housing stock and the development of new housing stock. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (23) Milestone 100 provides for the entry into force of a Regulation of the Cabinet of Ministers on the construction of low-rent dwellings in order to define size, scope and type of support and criteria for beneficiaries. The evidence provided by Latvia demonstrates that a Regulation of the Cabinet of Ministers on the construction of low-rent dwellings has entered into force defining size, scope and type of support and criteria for beneficiaries. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (24) Milestone 105 provides for the adoption of decisions by local governments on the reorganisation of at least 20 general secondary education institutions. The evidence provided by Latvia demonstrates that the reorganisation decisions for 20 general secondary education institutions have been adopted by local councils. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (25) Milestone 107 provides for the adoption of a support programme for local governments for the purchase of transport vehicles for the provision of public services. The evidence provided by Latvia demonstrates that Cabinet Regulations laying down implementing conditions for providing support to local governments for the purchase of electric buses for the performance of the municipal functions and related services have entered into force. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (26) Milestone 112 provides for the adoption of a list of 63 selected buildings of public and local authorities in which investments to ensure their accessibility to persons with functional impairments and persons with disabilities shall be made. The evidence provided by Latvia demonstrates that 63 state and local government buildings providing welfare sector public services or municipal social services have been selected for the implementation of environmental accessibility measures. Furthermore, the evidence provided that the investment included measures to implement a minimum accessibility standard: ensure access to the environment and information for persons with functional impairments and persons with disabilities. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (27) Milestone 118 provides for the award of a contract for the development of econometric models and a methodology for the forecasting tool and for the development of

technical specifications for the information system, as well as respective and supervision of system development. The evidence provided by Latvia demonstrates that a contract has been awarded following a competition to develop econometric models and a methodology for the long-term forecasting of social support, including pensions, to draw up technical specifications for the development of an information system, and to monitor the development of the system. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (28) Milestone 121 provides for the development of the standard construction design. The evidence provided by Latvia demonstrates that a standard construction design for the construction of buildings necessary for the provision of long-term care services close to the family environment has been adopted by the Ministry of Welfare. Furthermore, the evidence demonstrates that the construction design is intended for the construction of highly energy-efficient buildings (nearly zero-energy buildings), the municipalities are in possession of a standard construction project ready to be used, and that the detailed standard construction design for new buildings provided by Latvia reduces design costs for individual projects and the risk of delays in project implementation. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (29) Milestone 131 provides for the adoption of a digital health strategy. The Council Implementing Decision required the digital health strategy to be approved by the Ministry of Health. Instead, the strategy was approved by the Cabinet of Ministers, including the Minister of Health, on 15 August 2023, as evidenced by the Cabinet of Ministers meeting minutes No. 40 of 15 August 2023. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to the Cabinet regulation No. 606 of 7 September 2021, on the Rules of Procedures of the Cabinet clauses 2. and 2.1. “2. The Cabinet shall, according to its competence, examine the following documents: 2.1. draft development planning documents”. Because of these provisions, the strategy, as a planning document developed in the form of an informative report, had to be approved by the Cabinet of Ministers rather than by the Minister for Health alone. The final approved version is published in the Public Portal of Draft Legislation. The status of the document on the said portal is indicated as “adopted” and it is proved with the link to the Cabinet of Ministers meeting minutes No. 40 of 15 August 2023. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (30) Milestone 132 provides for the development of integrated healthcare through a set of documents: (i) an investment strategy for infrastructure investments for the provision of publicly funded health services; (ii) recommendations for the implementation of the integrated care approach; and (iii) recommendations for epidemiological requirements. The evidence provided by Latvia demonstrates that (i) an investment strategy for infrastructure investments for the provision of publicly funded health services, including a hospital mapping, has been developed to ensure the continuation of the reform of the hospital network, including taking into account the assessment of hospital levels. It also demonstrates that (ii) recommendations for the implementation of the integrated care approach and (iii) recommendations for epidemiological requirements were developed. The Council Implementing Decision required the investment strategy to be approved by the Ministry of Health. Instead, the strategy was approved by the Cabinet of Ministers, including the Minister of Health, on 14 July

2022, as evidenced by the Cabinet of Ministers meeting minutes No. 36 of 14 July 2022. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, according to the Cabinet regulation No. 606 of 7 September 2021, on the Rules of Procedures of the Cabinet clauses 2. and 2.1. “2. The Cabinet shall, according to its competence, examine the following documents: 2.1. draft development planning documents”. Because of these provisions, the strategy as a planning document developed in the form of an informative report had to be approved by the Cabinet of Ministers rather than by the Minister for Health alone. The final approved version is published in the Public Portal of Draft Legislation. The status of the document on the said portal is indicated as “adopted” and it is proved with the link to the Cabinet of Ministers meeting minutes No. 36 of 14 July 2022. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents.

The Council Implementing Decision also required the set of epidemiological recommendations to be developed by the Ministry of Health. The set of the epidemiological recommendations was developed by the Health Inspectorate. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, the Health Inspectorate is a State direct administration authority under the authority of the Minister for Health, which implements the functions of the state administration in the supervision and control of the health sector in order to ensure compliance with the requirements of the regulatory enactments regulating the field of health, public health and pharmaceutical activity for quality and qualified health care, as well as a safe and healthy life environment. As evidenced by the Cabinet of Ministers regulation No. 309 of 9 July 2019 on the regulations of the Health Inspectorate clause 4.7., the Health Inspectorate is tasked to: “4.7. control the implementation of infectious disease prevention and anti-epidemic measures specified in regulatory acts, as well as compliance with hygiene requirements in high-risk subjects”. As such, developing the set of epidemiological recommendations falls within the area of competence of the Health Inspectorate. Moreover, the recommendations were approved by the Ministry of Health as evidenced by the copy of order No. 01-01.1/79 of 15 June 2023 requiring the Health Inspectorate to distribute the said recommendations to medical care institutions. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (31) Milestone 135 provides that the methodology for research in the areas of antimicrobial resistance, vaccination and infectious diseases is developed by a subordinate institution of the Ministry of Health and that it is adopted by the Ministry of Health. The evidence provided by Latvia demonstrates that a harmonised methodology for research in the areas of anti-microbial resistance (AMR), vaccination and infection reduction was developed by a subordinate institution of the Ministry of Health. The Council Implementing Decision required adoption of the methodology by the Ministry of Health. The documents were adopted by the director of the Centre for Disease Prevention and Control. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, it concerns internal procedures of Latvia as, in accordance with point 5 of Cabinet of Ministers Regulations No. 241 on by-laws of the Centre for Disease Prevention and Control approved by the Cabinet of Ministers on 3 April 2012, the Centre for Disease Prevention and Control is a subordinate institution of the Minister for Health. Moreover, the Centre for Disease Prevention and Control has a state delegated task of planning, methodically managing,

organising, coordinating and conducting studies in the area of public health as evidenced by the by-laws of the Centre for Disease Prevention and Control (point 4.6 of Cabinet of Ministers Regulations No. 241). Consequently, the Centre is the body which develops methodologies for studies defined under milestone 135 of Latvia's recovery and resilience plan in accordance with clause 3.1. of the agreement of 28 December 2022 between the Ministry of Health and the Centre for Disease Prevention and Control on the implementation of European Union Recovery Fund project No. 4.1.1.1.i.0/1/22/I/VM/001. Therefore, this minimal deviation does not affect the progress towards achieving the investment the milestone represents. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (32) Target 138 provides for positive decisions of the Ministry of Health on the acquisition of medical technologies in ten projects supporting health infrastructure of university and regional hospitals. If a project involves the purchase of medical technology, it also requires a positive opinion from the Technology Commission. If such acquisitions are not planned, a decision of the Ministry of Health to that effect is required. The Commission has identified a clerical error in the text of the Council Implementing Decision as regards the title of target 138 and has undertaken the assessment on the description of the target. In the title of the target, it is stated "Number of projects which received a positive opinion of the Technology Commission on the eligibility of equipment for the provision of the relevant state-funded services". However, the target description clarifies that, in order for the target to be considered achieved, all 10 projects require the positive decision of the Ministry of Health on the harmonisation of the acquisition of medical technology supporting health infrastructure of university and regional hospitals. It further states that only if a project involves the purchase of medical technology, it requires a positive opinion from the Technology Commission. Therefore, the positive decision of the Ministry of Health on the harmonisation of the acquisition of medical technology for each of the 10 projects is considered relevant for the fulfilment of target 138. The evidence provided by Latvia demonstrates that ten positive decisions of the Ministry of Health on the harmonisation of the acquisition of medical technology in each of the ten projects supporting health infrastructure of university and regional hospitals have been taken. The evidence also demonstrates that four hospitals confirmed that they do not plan acquisitions of medical technologies, for which the Ministry of Health issued four positive decisions to that effect. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.
- (33) Milestone 149 provides for the establishment of a coordinating unit within the Ministry of Health or its subordinate body to develop, implement and assess new healthcare service delivery models, involving industry representatives in the development of proposals as experts. The evidence provided by Latvia demonstrates that a coordinating unit within the National Health Service, the subordinate body of the Ministry of Health is in place. Furthermore, the evidence demonstrates that industry representatives are involved in the development of proposals as experts. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (34) Milestone 151 provides for the adoption of a methodology for the study on the quality and availability of non-hospital secondary healthcare. The evidence provided by Latvia demonstrates that a methodology required for carrying out the study aiming to assess the quality and accessibility of health care, including non-hospital secondary

health service level mapping and the impact of the administrative territorial reform, has been approved by the Ministry of Health. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (35) Milestone 154 provides for the development of a long-term national strategy for each of the RIS3 areas and establishment of a Strategic Steering Board for each of the RIS3 areas. The evidence provided by Latvia demonstrates that the amendments to the relevant legislation giving the following functions to the relevant institutions entered into force, namely the Investment and Development Agency of Latvia (LIDA) is responsible for: developing long-term strategies at national level in each of the Research and Innovation Smart Specialisation Strategy (RIS3) areas; developing annual action plans for each of the RIS3 areas; the establishment of a Strategic Steering Board for each of the RIS3 areas; leadership and coordination of established councils; developing a methodology for the selection of asset value chains, including the establishment of quantitative criteria for the elimination of value chains. Moreover, the evidence demonstrates that the Strategic Steering Board for each RIS3 area: ensures the compatibility of planned investments with RIS3 specialisation strategies and national competitive advantages; is made up of key private, public and research actors; is elected by LIDA in agreement with the ministries involved, is re-elected once a year; and is responsible for approving the strategies for the RIS3 specialisation areas. Finally, the evidence demonstrates that the Ministry of Economics is responsible for development of analytics and monitoring system for the business sector in RIS3 specialisation areas and for the development of monitoring reports. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (36) Milestone 159 provides for the reform of the governance of the higher education system covering: (i) University typologies and criteria for qualifying for a particular type; (ii) the procedure for the establishment and approval of higher education institution councils and the competence of the councils, while clarifying the competences of the Senate, the Rector and the Constitutional Assembly; (iii) the procedure for selecting and approving new university reactors; (iv) the definition of the strategic specialisation of higher education institutions. The evidence provided by Latvia demonstrates that the regulatory framework for implementing the reform of the governance of the higher education system has entered into force. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (37) Milestone 166 provides for the adoption of a work plan of the national authorities to limit the shadow economy for 2021-2022. The evidence provided by Latvia demonstrates that the National Institutions Work Plan for Restraining the Shadow Economy for 2021-2022 has been adopted. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (38) Milestone 167 provides the entry into operation of a taxpayer rating system and the related optimisation of tax controls and inspections. The evidence provided by Latvia demonstrates that relevant amendments to the Law on Taxes and Fees have been adopted and have entered into force. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (39) Target 170 provides for the implementation of the national research programme “Reducing the shadow economy to ensure the sustainable development of the country”. The evidence provided by Latvia demonstrates that the relevant research in

the area of tax compliance has been delivered. On the basis of the due justification provided, the target should be considered as satisfactorily fulfilled.

- (40) Milestone 178 provides for the purchase and installation of a spectrophotometer for use in the customs laboratory. The evidence provided by Latvia demonstrates that a spectrophotometer is set up and in use at the customs laboratory. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (41) Milestone 179 provides for the purchase and installation of a spectrophotometer for use in the airport customs control point. The evidence provided by Latvia demonstrates that a spectrophotometer is set up and in use at the airport customs control point. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (42) Milestone 196 provides for the adoption of a plan for the modernisation of public administration. The evidence provided by Latvia demonstrates that a plan for the modernisation of public administration has been approved by the Cabinet of Ministers. Furthermore, the evidence demonstrates that the plan covers priority areas. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (43) Milestone 198 provides for the adoption of a concept of the Single Service Centre. The evidence provided by Latvia demonstrates that the concept of the Single Service Centre has been developed and approved by the Cabinet of Ministers. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (44) Milestone 206 provides for the publication of a call for funding to support non-governmental organisations in the areas of public advocacy and social resilience. The evidence provided by Latvia demonstrates that an open call for funding for strengthening the work of non-governmental organisations in two areas – (a) fostering social resilience and (b) advocacy for public interest – has been published. Furthermore, the evidence provided by Latvia demonstrates that the call included conditions and criteria for NGO participation in the support programme, a reporting mechanism and indicators and targets to be achieved within the programme. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (45) Milestone 208 provides for the entry into force of amendments to the regulatory acts governing public procurement and the development of a technical solution for the register of public procurement contracts. The evidence provided by Latvia demonstrates that amendments to the Public Procurement Law, the Law on the Procurements of Public Service Providers and the Law on Public-Private Partnership have entered into force. Furthermore, the evidence provided by Latvia also demonstrates that a technical solution for the register of public procurement contracts has been developed and made available online. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (46) Milestone 210 provides for the adoption of a professionalisation strategy that includes specific directions of action for the competence of procurers and for conducting centralised procurements. The evidence provided by Latvia demonstrates that the Strategy for the Professionalisation of Procurers 2022-2024 has been adopted. On the

basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (47) Milestone 211 provides for entry into force of amendments to relevant legal acts, regulation or internal procedures to the increase of the quality of procurement by making procurement rules more specific, by evaluating and boosting knowledge of procurers; and by improving control of procurement quality by developing and implementing data and a risk-based approach in the Procurement Monitoring Bureau's daily activities. The evidence provided by Latvia demonstrates the adoption of: standardised qualification requirements by sector, standardised acceptance-transfer documents in work procurements, public access to methodological materials, a single training programme to ensure that procurers' competency has been developed and implemented, increased requirements for procurement commission competence in procurements reaching a certain threshold of contract prices, and pre-verification of procurements to ensure that the procurement commission advertises the appropriate quality of tenders. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (48) Furthermore, the Republic of Latvia has also confirmed that previously satisfactorily fulfilled milestones and targets have not been reversed.
- (49) Following the fully positive assessment concerning the Republic of Latvia's payment request, in accordance with Article 24(5) of Regulation (EU) 2021/241, the disbursement of the financial contribution for the second instalment of the non-repayable support should be authorised.
- (50) In accordance with Article 2(3) of the Council Implementing Decision, as specified in the Financing Agreement, the pre-financing of the financial contribution shall be cleared by being proportionally deducted against the payment of the instalments. As Latvia received EUR 264 328 676 of the financial contribution as pre-financing, an amount of EUR 52 298 676 of the payment should be utilised to clear the pre-financing, of which EUR 6 015 314 to clear the pre-financing for the REPowerEU chapter.
- (51) This Decision should be without prejudice to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty on the Functioning of the European Union. It does not override the requirement for Member States to implement the measures in accordance with Union and national law and, in particular, to notify instances of potential State aid to the Commission under Article 108 of the Treaty on the Functioning of the European Union.
- (52) The measures provided for in this Decision are in accordance with the opinion of the Committee established by Article 35(1) of Regulation (EU) 2021/241,

HAS ADOPTED THIS DECISION:

Article 1

Authorisation of the disbursement of the non-repayable support

The disbursement of the second instalment of the non-repayable support as laid down in Section 2(1.2) of the Annex to the Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Latvia for an amount of EUR 388 000 000 is authorised.

In accordance with the Financing Agreement concluded pursuant to Article 23(1) of Regulation (EU) 2021/241 between the Commission and the Republic of Latvia, EUR 52 298 676 shall be utilised to clear the pre-financing of the financial contribution. EUR 335 701 324 shall be provided to Latvia by means of payment to the bank account indicated in the Financing Agreement.

Article 2
Addressee

This Decision is addressed to the Republic of Latvia.

Done at Brussels, 16.5.2024

For the Commission
Paolo GENTILONI
Member of the Commission