

29 July 2022

Positive preliminary assessment of the satisfactory fulfilment of milestones related to the first payment request submitted by Latvia on 17 June 2022, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 17 June 2022, Latvia submitted a request for payment for the first instalment of non-repayable support. The payment request was accompanied by the required management declarations and the summary of audits.

To support its payment request, Latvia provided due justification of the satisfactory fulfilment of the 9 milestones of the first instalment of the non-repayable support as set out in Section 2(1) and Section 2(2) of the Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Latvia¹.

Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones. Based on the information provided by Latvia, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 9 milestones.

The milestones positively assessed as part of this payment request demonstrate significant steps in the implementation of Latvia's Recovery and Resilience Plan. This includes, among others, the implementation of reforms and investments in the areas of the minimum income support system, broadband infrastructure, educational institutions infrastructure and remote learning. Other areas covered are public procurement, prevention of money laundering and terrorist financing and construction of low-rent dwellings.

By the transmission of this preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones.

¹ 2021/0164 (NLE) ST 10157/21, ST 10157/21 ADD 1 CF. LV OA para (2).

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Number: 77	Related Measure: 2.3.2.3i. Closing the digital divide for socially vulnerable pupils and educational institutions	
Name of the Milestone: Entry into force of a regulatory framework laying down procedures for the organisation and implementation of remote learning		
Qualitative Indicator: Entry into force of a regulatory framework laying down procedures for the organisation and implementation of remote learning	Time: Q4 2021	
<p>Context:</p> <p>The objectives of the investment are to provide access to learning content and to allow participating in remote learning process for the pupils from socially vulnerable groups.</p> <p>Milestone 77 concerns the entry into force of a regulation of the Cabinet of Ministers laying down criteria and conditions for the organisation and conduct of remote learning. The regulation shall ensure that remote learning is organised and implemented in all Latvian educational institutions and at all levels of education (except at pre-school level). The educational establishment shall include in its internal rules a framework for the organisation and implementation of remote learning.</p> <p>Measure 2.3.2.3i. also foresees purchasing ICT equipment for general education institutions, with targeted support for pupils from socially vulnerable groups, teachers and the creation of a “computer library” in the educational institutions. The corresponding targets are Target 78 (due by Q4 2022) and Target 79 (due by Q4 2023).</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. 2. Copy of the publication in the Official Journal and reference to the relevant provisions indicating the entry into force of the Regulation of the Cabinet of Ministers No 111 on criteria and conditions for the organisation and conduct of remote learning (Annex 1) and link to the document https://likumi.lv/ta/id/329849-attalinato-macibu-organizesanas-un-istenosanas-kartiba. <p>The authorities also provided:</p> <ol style="list-style-type: none"> 3. Letter of 22 June 2022 by the Ministry of Education and Science to heads of the local government educational boards, setting more detailed conditions for all educational establishments to include in their internal rules a framework for the organisation and implementation of the remote learning. 		

Analysis:

In line with the Council Implementing Decision, regulation No 111 "Procedures for organising and implementing remote learning" was published in the Official Journal "Latvijas Vēstnesis" No 29 on 10 February 2022 and entered into force on 11 February 2022 .

The Regulation contributes to the education reform by setting procedures for remote learning as part of curricula outside extraordinary epidemiological circumstances such as the Covid-19 pandemic. Remote learning is seen as an effective, high-quality, full-fledged and inclusive part of the educational process to develop the skills of self-directed learning, digital literacy, critical thinking and collaborative learning in all levels of education (except at pre-school level) (Article 5).

For the purpose of remote learning, including online lessons, the educational institution determines which information technologies will be used and the procedures for using the relevant technologies. When implementing remote learning, the educational institution provides a technical environment that supports synchronous and asynchronous remote learning, as well as digital learning materials for learners (Article 7.2).

Regulation No 111 sets limits to the maximum amount of remote learning for various age groups: 5% of total learning time for 3rd class, 10% for 4th-6th class, 15% for 7th-9th class, 20% for 10th-12th class, 30% for vocational education and training, and 50% for university education (Article 4.3). The educational institution will be able to determine independently the share of remote learning in the implementation of the educational programme, by assessing the resources at its disposal, the set objectives and the identified needs of the learners. The learners can use libraries, laboratories, research institutions, museums, work and home for the remote learning (Article 6).

Article 7.3 of Regulation No 111 establishes the 5 elements that the schools have to include in their internal rules, in line with the 5 elements listed in the description of Milestone 77:

1. the procedure by which the educational establishment shall identify whether technical means are available to learners for the provision of remote learning, as well as the procedures for providing these technical means if they are not available to learners;
2. the procedure for recording students' participation in remote learning and the performance of the tasks assigned;
3. in cases where the participation of the learner in remote learning is not possible or is hampered for technical reasons;
4. the procedures for ensuring compliance with safety requirements during remote learning and the procedures for communication with the legal representatives of the learner in the event of safety or health risks;
5. the procedure by which learners make use of educational institution resources and infrastructure (premises, libraries, etc.) as part of remote learning.

To establish by when the educational establishments will implement the changes in their internal rules to include the 5 elements listed in the description of the milestone, the Ministry of Education and Science sent a letter on 22 June 2022 to all heads of the local government educational boards. The letter sets out that municipalities and education institutions shall implement remote learning outside the Covid-19 pandemic framework gradually, by assessing and individually determining the amount of lessons planned for different grades starting from the academic year 2022/2023. It shall be ensured that remote learning is organised and implemented in all Latvian educational institutions and levels of education (except at pre-school level) no later than the academic year 2024/2025. To do so, the

education establishments shall approve their internal rules to include all the elements listed in Article 7.3 of Regulation(S) No 111. The educational institutions applying for the ICT equipment for learners from socially vulnerable groups (Targets 78 and 79) shall define remote learning as part of the face-to-face form of the education programme as early as 2022/2023. Through this link to the funding for ICT equipment covered by the subsequent targets under the same measure, Regulation No 111 also contributes to fostering participation of pupils from socially vulnerable groups in remote learning.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 80	Related Measure: 2.4.r Broadband infrastructure development	
Name of the Milestone: Adoption of technical requirement for connected and automated driving		
Qualitative Indicator: Adoption of common technical requirements		Time: Q4 2021
<p>Context:</p> <p>The objective of the reform is to promote connected automated driving and to support sustainable mobility, including by improving road safety through innovation.</p> <p>Milestone 80 on the adoption of the technical requirement for connected and automated driving is part of the reform to further develop the broadband infrastructure in Latvia. The milestone sets out the obligation for the SJSC Latvian State Radio and Television Centre to identify the common technical requirements for electronic communications operators to allow for connected and automated driving while taking into account the needs of operators, and in cooperation with representatives of Estonia, Lithuania and Poland to facilitate the development of a connected and automated driving corridor along the Via Baltica track. Following that, common technical requirements are adopted by the procurement committee.</p> <p>Milestone 80 contributes to the achievement of the objectives of Measure 2.4.1.1.i. Construction of the Passive Infrastructure on the Via Baltica corridor for 5G coverage (target 82 due by Q4 2025).</p> <p>The other element of the reform for broadband infrastructure development is the adoption of a common model for the development of the last mile (Milestone 81 due by Q4 2021) which is also included in the first payment request.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. 2. Copy of common technical requirements for infrastructure (optics, towers, electrical connection, etc.) to support connected and automated driving in the Latvian section of the Via Baltica corridor (Annex 1), approved by the SJSC "Latvian State Radio and Television Centre" 		

(LVRTC) board on 23 December 2021, and by LVRTC Procurement Committee on 17 February 2022 (Annex 6).

The authorities also provided:

3. Translation of the technical specification into English (Annex 2).
4. Opinions of the mobile operators - LMT, BITE and Tele2 (Annex 5).
5. Latvian, Lithuanian, Estonian and Polish expert group agreement on Via Baltica 5G/connected automated driving corridor Roadmap of 28 November 2019 (Annex 3).
6. Information about the meetings of representatives of Latvia, Lithuania, Estonia and Poland to facilitate the development of a connected and automated driving corridor along the Via Baltica track (Annexes 7-12).

Analysis:

In line with the Council Implementing Decision requirements, the Latvian State Radio and Television Centre (LVRTC) Procurement Committee adopted on 17 February 2022 the common technical requirements for infrastructure (optics, towers, electrical connection, etc.) to support connected and automated driving in the Latvian section of the Via Baltica corridor.

The separate elements of the milestone and measure description have been met by:

1. LVRTC prepared a technical solution and requirements for deployment of the 5G passive infrastructure (optical fibres, towers, electrical connection, etc.) in the Latvian section of the Via Baltica corridor. The technical specifications contain the description of the technical solution of 5G passive infrastructure along the Via Baltica corridor (page 6), and also describe:
 - the requirements for the fibre-optic cable network (Section 5, pages 7-11);
 - the requirements for the communication tower infrastructure, including description of the technological solution and electricity supply solution (Section 6, pages 12-15). Electricity connections are provided only to the new towers, in accordance with the requirements of the mobile communication operators;
 - technical specification of the procurement regulation for the design and construction of dark fibre network infrastructure (Section 7, pages 16-36); and
 - technical specification of the procurement and construction procurement regulation for communication tower infrastructure (Section 7, pages 37-43).
2. With a view to ensuring that the needs of the operators were properly reflected in the technical specifications, the Ministry of Transport sent the final version of the document prepared by the LVRTC to the three mobile operators active in Latvia and received positive opinions from them: BITE (8 December), LMT (13 December 2021) and Tele2 (14 December 2021) (Annex 4).
3. The Latvian authorities have specified that the pan-Baltic working group of experts from Lithuania, Latvia, Estonia and Poland approved the Via Baltica 5G/connected automated driving corridor roadmap on 28 November 2019 (Annex 3). The roadmap sets common principles on how to plan the necessary infrastructure (optical fibres, towers, electrical connection, etc.) along the Via Baltica corridor. Following this, the experts from Latvia, Lithuania, Estonia and Poland met throughout September 2020 to March 2021 to discuss technical requirements and progress (Annexes 7-12 with agendas, timing and the documents agreed). The experts prepared

information on 5G corridors in Estonia, Latvia, Lithuania and Poland for the informal call for expression of interest: envisaged 5G corridor deployment initiatives for the Connecting Europe Facility and the national Recovery and Resilience Plans (Annex 8). The exact length and the number of telecommunication infrastructure that would be required for establishing the 5G corridor was to be determined by a feasibility study, which was prepared by Latvia, Lithuania and Estonia but not yet by Poland. Thus, the progress of aligning the technical requirements for 5G rollout along Via Baltica road has taken place largely among experts from Latvia, Lithuania and Estonia.

4. LVRTC developed the technical specifications that were approved by LVRTC board on 23 December 2021. Following that, the LVRTC Procurement Committee adopted it on 17 February 2022 (Annex 6).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 81	Related Measure: 2.4.r Broadband infrastructure development	
Name of the Milestone: Adoption of a common model for the development of the last mile		
Qualitative Indicator:	Adoption of a common model for the development of the last mile	Time: Q4 2021
Context:		
<p>Milestone 81 on the adoption of a common model for the development of the last mile is part of the reform to further develop the broadband infrastructure in Latvia.</p> <p>The milestone requires that, on the basis of the studies carried out, the Ministry of Transport shall draw up a development plan for the electronic communications sector, which shall include a draft model for the development of the last mile. The outcome of the public consultation shall lead to a final decision on the model, which shall be adopted and implemented.</p> <p>The result of Milestone 81 is a common model for the development of the last mile. It sets general principles for the support programme and further procurement documentation.</p> <p>Milestone 81 contributes to the achievement of the objectives of investment 2.4.1.2i. Broadband or very high capacity network last mile infrastructure development (Target 83 due by Q4 2025).</p> <p>The other element of the reform for broadband infrastructure development is the adoption of technical requirements for connected and automated driving (Milestone 80) due by Q4 2021 and also included in the first payment request.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p>		

1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
2. Copies of and links to the studies on which the development plan for the electronic communications sector is based:
 - a) Analytical material for the Development Plan for the Electronic Communications Sector 2021-2027 (Annex 1)
http://petijumi.mk.gov.lv/sites/default/files/title_file/SM_2020_05_Gala%20zi%C5%86ojums_26102020_final%20%281%29.docx and
 - b) Study to meet investment preconditions for the EU funds 2021-2027 period (Annex 2)
http://petijumi.mk.gov.lv/sites/default/files/title_file/SM_kartesana_gala_nodevums.pdf, including copies and links to annexes that are not classified
<https://www.sam.gov.lv/lv/media/1389/download>.
3. Copy of the report on the results and a link to the documents of the public consultation on the electronic communications sector policy for the years 2021-2027, that includes a draft model for the development of the last mile (Annexes 3 and 4)
<https://www.sam.gov.lv/lv/elektronisko-sakaru-nozares-attistibas-plans-2021-2027gadam>.
4. Copy of the decision of the Cabinet of Ministers No 826 on a common model for the development of the last mile of 11 November 2021 (Annex 5) and link to the document
<https://likumi.lv/ta/id/327586-par-elektronisko-sakaru-nozares-attistibas-planu-2021-2027-gadam?&search=on>.

Analysis:

In line with the Council Implementing Decision the development plan for the electronic communications sector 2021-2027, including a common model for the development of the last mile, was adopted by the Cabinet of Ministers on 11 November 2021, published in the Official Journal "Latvijas Vēstnesis" No 22 on 15 November 2022 <https://www.vestnesis.lv/ta/id/327586-par-elektronisko-sakaru-nozares-attistibas-planu-2021--2027-gadam>. The two elements of the milestone and measure description have been met by:

First, the development plan for the electronic communications sector 2021-2027 (the Plan) which is based on two studies:

- a. The aim of the first study "Analytical material for the Development Plan for the Electronic Communications Sector 2021-2027" was to provide a detailed analysis of the market and the demand for very high-capacity network (VHCN) services. It contains an analysis of six areas: 1) innovative digital services in Latvia and the world, 2) internet access services in Latvia, 3) demand for broadband infrastructure and services; 4) regulation for electronic communications operators, 5) operation of the Broadband Competence Centre in Latvia and 6) broadband coverage and development monitoring mechanism.
- b. The aim of the second study "Study to meet investment preconditions for the EU funds 2021-2027 period" was to map the current state of VHCN services and networks. An assessment of the investment gap and public intervention models are provided for last- and middle-mile infrastructure investments to address market failures. The last mile implementation model is based on the results of this study out of which the 3rd model "Private-managed network model" (pages 78-82) was chosen, which is expected to provide the highest efficiency for "last-mile" investments. The model provides that, according to the requirements defined by the planning

region in cooperation with the municipalities and the Ministry of Transport in the support programme and in the procurement, the private operator selected in the tender procedure shall ensure the internet access services in the defined areas. Moreover, this study maps white territories where next-generation access networks do not currently exist and would not be installed in the next three years according to the EU guidelines for the application of State aid rules in relation to the rapid deployment of broadband networks (pages 6-8, 15-18, 50-52).

Second, on 23 February 2021 Latvia launched public consultations on the initial version of the development plan for the electronic communications sector 2021-2027, drafted by the Ministry of Transport. It included the selected new draft model for the development of the last mile – as Measure 1.3. of the plan (pages 22-27).

There were no comments or objections received in the public consultation on the chosen model for the last-mile investments (Annexes 3 and 4). However, there were indirectly related comments regarding last-mile investments, notably on the amount of financing and targeted additional dwellings and enterprises with very high-capacity broadband access. In response, the Ministry of Transport highlighted that the Recovery and Resilience Facility is only one of the financing sources, and there are several complementary funding sources for the development of broadband infrastructure, for example European Regional Development Fund, Connecting Europe Facility, investments of state and municipalities, private investments. In line with the procedure of providing opinions on draft legal acts, representatives of non-governmental organisations could also present their opinions. The Ministry of Transport has discussed the last mile model with social partners, associations of electronic communications sector, as well as representatives of the Union of Local Government and Planning Regions of Latvia. After consulting these parties, the Ministry of Transport submitted the plan for approval to the Cabinet of Ministers on 4 October 2021.

The plan, including a common model for the development of the last mile (the Measure 1.3. of the plan, Annex 5 pages 41-48), was approved by the Cabinet of Ministers on 11 November 2021. A private operator selected through a procurement process will ensure the availability of internet services in the white areas (areas without planned or existing next-generation access networks). The procurement could either be organised through a single call for tender for the whole country or through separate calls for tenders in different planning regions or municipalities. Tenders will be technologically neutral and open to sustainable next-generation fixed, wireless and satellite connectivity solutions. The expected speed is to be at least 100 Mbit/s.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 98	Related Measure: 3.1.1.4i. Establishing a financing fund for the construction of low-rent housing	
Name of the Milestone: Entry into force of the law balancing the rights of tenants and landlords		
Qualitative Indicator: Entry into force of the Rental Law of housing premises		Time: Q2 2021
Context:		

The objective of this measure is to stimulate housing supply, provide affordable housing, contribute to regional labour mobility and help attract and retain skilled professionals in the regions. In this context,

Milestone 98 consists of the entry into force of a new legal framework for rents to ensure a fair balance between the interests of the tenant and the landlord and to speed up the resolution of disputes over the term of the rent and the settlement of rents, which is particularly important in order to promote the construction of rental housing and consequently to facilitate affordability of housing.

Milestone 98 contributes to the achievement of the objectives of Investment 3.1.1.4.i. Establishing a financing fund for the construction of low-rent housing. The other element of the measure is the adoption of a housing affordability strategy (Milestone 99) and entry into force of a government regulation on the construction of low-rent dwellings (Milestone 100), both included in the second payment request. The next step towards the achievement of the objectives of the measure will be the approval of the funding for the projects of at least 300 apartments (Target 101) included in the fourth payment request. Finally, the approval of the funding for the projects of at least 700 apartments (Target 102) and 300 apartments built (Target 103) will be included in the sixth payment request.

Evidence provided:

In line with the verification mechanisms set out in the Operational Arrangements, the following evidence was provided:

1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.
2. Annexes with a copy of the law and a link to the publication in the Official Journal, including the provision indicating entry into force:

Law on Housing Lease. The law balancing the rights of tenants and landlords published in the Official Journal "Latvijas Vēstnesis" No 65A on 6 April 2021 <https://likumi.lv/ta/id/322216-dzivojamo-telpu-ires-likums> (Annex 3) <https://likumi.lv/ta/id/322216-dzivojamo-telpu-ires-likums>

The Latvian authorities also provided:

- Annex 1 - the information of the president of the Republic of Latvia announcing the adoption of the law , published in <https://titania.saeima.lv/LIVS13/saeimalivs13.nsf/0/0235F448698B4CD2C22586AF003CE828?OpenDocument>
- Annex 2 – the information of the law published in the official Journal "Latvijas Vēstnesis" (<https://www.vestnesis.lv/url.php?id=322216>), which states that the law enters into force on 1 May 2021

Analysis:

The evidence provided by the authorities demonstrates that the Law on Housing Lease was adopted by the Latvian parliament (Saeima) on 17 March 2021 and published in the Official Journal "Latvijas Vēstnesis" No 65 on 6 April 2021. The law entered into force on 1 May 2021 as indicated in the last sentence of the law (Annex 3).

In line with the Council Implementing Decision, the aim of the law is to facilitate access to housing by ensuring a fair balance between the interests of tenants and landlords (Article 1).

Furthermore, in line with the milestone and measure description, the Law on Housing Lease provides that:

- a) To protect the interests of tenants, the landlord will be able to increase the rent only if the lease agreement provides principles and procedures for raising the rent (Article 10, paragraph 3), such as linking the increase to average annual inflation, planned expenses, periodic rent increase. This prevents excessive financial burden on tenants due to changes in rents during the term of the lease, which makes rental housing more affordable and helps to prevent exposure of tenants to the risk of poverty or homelessness.
- b) To protect the interests of landlords, the lease agreement will no longer be possible for an indefinite period (Article 9) and family members of the tenant cannot inherit lease rights (Article 13, paragraph 2). This reduces risks for the lessor.
- c) The tenants will continue to be able to withdraw from the contract without special grounds by notifying the landlord in advance (Article 20). In turn, the lessor is able to terminate the contract only in the cases and within the terms specified by law (Article 21). This gives a fair ground for the legal relationship between tenant and landlord.

Finally, additional steps to ensure fair rights for landlords and to speed up the resolution of the rent term and settlements were made by amendments to the Civil Procedure Law (<https://likumi.lv/ta/id/322214-grozijumi-civilprocesa-likuma>; Article 35, 36 and 51), introduced at the same time as the Law on Housing Lease, to enable application for uncontested enforcement of obligations (Article 8, paragraph 3). Until now tenants were obliged to leave premises only after the resolution of the court, whereas the amendments foresee two cases when the tenant will have an obligation to leave the rented property if: (1) the lease has expired and a new agreement has not been reached; or (2) significant rent arrears have been created. Previously, disputes were considered for two years, but now with the new law it takes up to three months from the beginning to the execution of the judgment. This amendment significantly reduces the risks of investing in the construction of new rental housing.

The fair balance between the interests of tenants and landlords, as well as faster resolution of disputes over the term of rents and the settlement of rents, will support the investment part of measure 3.1.1.4.i (financing fund for affordable housing). As the Law on Housing Lease incentivises additional supply of rental housing, it should – at a given level of demand – contribute to lower rents, i.e. make housing more affordable. Since job opportunities are concentrated in regional urban centres where housing is often not sufficiently available or more expensive than in rural areas, labour mobility is hampered by the lack of affordable housing. Therefore, the Law on Housing lease (present milestone), along with subsequently developing a low-rent housing fund, together with an affordable housing strategy (milestones for the second payment request under the same measure) will also contribute to regional labour mobility, and help attract and retain skilled professionals to the regions.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 104	Related Measure: 3.1.1.5i. Development of infrastructure and equipment of educational institutions
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Name of the Milestone: Definition of qualitative and quantitative criteria adopted

Qualitative Indicator: The legal framework has entered into force	Time: Q4 2021
<p>Context:</p> <p>The general objective of the measure is to improve the quality of regional schools by coupling investment with the optimisation of the school network.</p> <p>Milestone 104 calls for entry into force of a legal framework adopted by the government promoting the provision of high-quality education by promoting a comprehensive offer of educational programmes at regional level, as well as by creating a network of general secondary education institutions in line with the demographic situation. The legal framework shall establish minimum quantitative and qualitative criteria (such as minimum number of learners, availability of infrastructure, etc.) for general secondary education institutions.</p> <p>Milestone 104 contributes to the achievement of the objectives of investment 3.1.1.5i. Development of infrastructure and equipment of educational institutions. The other element of the measure is the adoption of reorganisation decisions of general secondary education institutions (Milestone 105) included in the second payment request and the improvement of general education institutions' infrastructure (Target 106) included in the sixth payment request.</p>	
<p>Evidence Provided:</p> <p>In line with the verification mechanisms set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactory fulfilled. 2. Copy of Cabinet Regulation No. 387 amending Regulation No. 583 of 11 September 2018 on "Criteria and Procedures by which the State Participates in the Funding of Work Remuneration of the Teachers of General Educational Institutions at the Secondary Educational Level" (Annex I). Published in the Official Journal "Latvijas Vēstnesis" No 122 on 29 June 2021 and a link to the regulation https://www.vestnesis.lv/op/2021/122.2. 3. Copy of Cabinet Regulation No. 583 of 11 September 2018 "Criteria and Procedures by which the State Participates in the Funding of Work Remuneration of the Teachers of General Educational Institutions at the Secondary Educational Level" with the aforementioned amendments (Annex II), published in the Official Journal "Latvijas Vēstnesis" No 197 on 5 October 2018 and a link to the regulation https://likumi.lv/ta/id/302034-kriteriji-un-kartiba-kada-valsts-piedalas-visparejas-izglitiba-iestazu-pedagogu-darba-samaksas-finansesana-videjas. 	
<p>Analysis:</p> <p>In line with the Council Implementing Decision, the evidence provided by the authorities demonstrates that Regulation No. 387 defining qualitative and quantitative criteria was approved on 15 June 2021 by the Cabinet of Ministers and published in the Official Journal "Latvijas Vēstnesis" No 122 on 29 June 2021. The Regulation entered into force on 30 June 2021. According to the Law on Official publications and Legal Information (https://likumi.lv/ta/en/en/id/249322), the entry into force of a regulation of the Cabinet of Ministers takes place on the day of the adoption if not specified otherwise. This applies to the present case.</p> <p>The Cabinet Regulation No. 387 entered into force on 30 June 2021 and amended Cabinet Regulation No. 583 of 11 September 2018 "Criteria and Procedures by which the State Participates in the Funding</p>	

of Work Remuneration of the Teachers of General Educational Institutions at the Secondary Educational Level”.

Furthermore, in line with the milestone and measure description, the following elements included in Regulation No. 387 “Criteria and Procedures by which the State Participates in the Funding of Work Remuneration of the Teachers of General Educational Institutions at the Secondary Educational Level” ensure the achievement of the milestone.

- The Regulation No. 387 specifies the minimum number of students per class at secondary education level and municipalities in accordance with the Law on Administrative Territories and Localities (adopted on 19 June 2020); it also clarifies the education quality criteria and the state participation in financing teachers’ salaries. The surveys of general education institutions show that the number of students at the secondary education level in a school plays a significant role in creating a broader and better-quality offer for education programmes. Thus, the higher the number of students at secondary education level, the more likely an educational institution is to offer advanced course packages that include courses in science, technology, engineering, and mathematics (STEM) subjects. Therefore, a network of educational institutions with optimal number of students provides a comprehensive offer of educational programmes at regional level, making efficient use of the infrastructure and human capital resources of educational institutions. (Regulation No. 583 paragraph 4). To promote a comprehensive offer of educational programmes at regional level, Regulation No. 387 includes provisions on the calculation of the index of the results of compulsory centralised examinations and provisions on education quality criteria and minimum number of learners (Annex to Cabinet Regulation No 583 and Chapter II of Regulation No. 387).
- The Regulation also includes the reference to the regional breakdown. The minimum acceptable number of learners in the secondary educational level has been determined in accordance with the information report “On the prerequisites for the provision of quality general secondary education”, which was approved by the Cabinet of Ministers on 20 October 2020 (Regulation No. 583 paragraph 4).
- Quality evaluation criteria of general education institutions have been determined in accordance with the regulatory framework for the accreditation of general educational institutions (Regulation No. 618 “Procedures for accreditation of the educational institutions, examination centres, other institutions specified in the Education Law and educational programmes and assessment of head of the educational institution” approved by the Cabinet of Ministers on 6 October 2020, <https://www.vestnesis.lv/op/2020/195.3>) (Regulation No. 583 paragraph 3);
- The assessment of the education quality started as of the academic year 2021/2022, where both the accreditation results and the index of the results of mandatory centralised examination have been applied. Given that 2021/2022 academic year was affected by the pandemic restrictions, a general education institution that does not meet the quality criteria following the first year of an assessment in August 2022 receives a warning. If the quality requirements are not met or the number of students does not comply in the assessment of the quantitative criteria in August 2023, only 80% of the remuneration of teachers will be financed from the national budget (i.e. 20% is cut). In case of a third consecutive evaluation in which the educational institution does not meet the quality or numeric criteria, it receives only 50% of the national budget funding for remuneration of teachers. Without fulfilling the quality or number criteria for four years, the educational institution completely loses national budget funding to cover work remuneration of teachers (Regulation No. 583 paragraph 8).

As part of the legal framework, Cabinet Regulation No. 387 contributes to the objectives of Investment 3.1.1.5i. "Development of infrastructure and equipment of educational institutions" as follows:

Objective (i): The achievement of this milestone contributes to the adoption of future decisions by local councils on the reorganisation of general education institutions, including the reorganisation of secondary schools in compliance with (1) qualitative criteria as determined in accordance with the regulatory framework for the accreditation of general educational institutions and (2) quantitative criteria (e.g. the number of students per class at secondary education level as set by Regulation No. 387.

Objective (ii): The achievement of this milestone contributes to a streamlined network of general education institutions in line with the demographic situation and other factors, respecting the principle that secondary schools are mainly located in the administrative centres of local councils, while primary schools in the administrative centres of the former local councils (reorganised by administrative and territorial reform after 1 July 2021) and other larger administrative/territorial units of local councils, ensuring a comprehensive and efficient offer of educational programmes at regional level. These processes will facilitate the possibility to modernise the learning environment in educational institutions and to provide the necessary learning equipment.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 110	Related Measure: 3.1.2r. Access to social and employment services in support of the minimum income	
Name of the Milestone: Adoption of the strategic framework for further development of the minimum income support system		
Qualitative Indicator: The strategic framework for further development of the minimum income support system has been approved by the Cabinet of Ministers		Time: Q2 2022
Context:		
<p>The general objective of this reform is to reduce inequality, improve the social safety net and foster social integration and inclusion in Latvia. The measure consists of two main steps.</p> <p>The first step, covered by Milestone 110, is the approval by the Cabinet of Ministers of a strategic framework for further development of the minimum income support system, which includes the adoption of: (1) a plan for improvement of the minimum income support system for 2022-2024 to strengthen the methodology for calculating the minimum income; (2) Social Protection and Labour Market Guidelines 2021-2027 to promote the social inclusion of the population, to reduce income inequality and poverty, develop accessible and tailored social services and promote a high level of employment in a quality work environment; (3) Social Services Development Plan 2021-2023 aimed at improving the provision of community-based services; and the adoption of a (4) a plan for the Promotion of Equal Opportunities for Persons with Disabilities 2021-2023, which aims to develop an integrated support system that meets the needs of persons with disabilities.</p>		

The second step of the measure, covered by Milestone 111 (for the second payment request), is the entry into force of legislative amendments to improve the minimum income support system (as of 2023).

Evidence Provided:

In line with the verification mechanisms set out in the Operational Arrangements, the following evidence was provided:

1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactory fulfilled.
2. Copy of Plan for Improvement of the Minimum Income Support System for 2022-2024 approved by the Cabinet of Ministers on 17 September 2021 with order No. 657 (Annex 1) and a link to the Plan <https://www.vestnesis.lv/op/2021/183.2>
3. Copy of Social Protection and Labour Market Guidelines 2021-2027 approved by the Cabinet of Ministers on 1 September, 2021 with order No. 616 (Annex 2) and a link to the Guidelines <https://www.vestnesis.lv/op/2021/171.9>
4. Copy of Plan for Improvement and Development of Social Services 2022-2024 (previously: Social Services Development Plan 2021-2023) approved by the Cabinet of Ministers on 29 March, 2022 (Annex 4) and a link to the Plan <https://likumi.lv/ta/id/331256-par-socialo-pakalpojumu-pilnveidosanas-un-attistibas-planu-2022-2024-gadam>
5. Copy of Plan for the Promotion of Equal Opportunities for Persons with Disabilities 2021-2023 approved by the Cabinet of Ministers on 17 August, 2021 with order No. 577 (Annex 3) and a link to the Plan <https://www.vestnesis.lv/op/2021/160.2>

Analysis:

In line with the Council Implementing Decision the plans under this milestone, together constituting the strategic framework for further development of the minimum income system, were adopted by the Cabinet of Ministers.

Furthermore, in line with the milestone and measure description, the strategic framework consists of the following plans and guidelines:

- **Plan for Improvement of the Minimum Income Support System for 2022-2024**

The Plan (1) sets the methodology for minimum income thresholds and stipulates in the Law on Social Security that the minimum income threshold shall not be lower than 20% of the median income; (2) provides an annual revision mechanism for minimum income thresholds as from 1 January 2023; (3) prepares proposals for changing funding principles and policies of minimum pensions, while maintaining the role of individual contributions made during the working life in the adequacy of all pensions; (4) ensures co-financing for municipalities in the provision of basic social assistance benefits – guaranteed minimum income and housing benefits.

The plan ensures that there is a firm methodology proposed for the calculation of the minimum income that shall be also transferred to the Law on Social Security.

- **Social Protection and Labour Market Guidelines 2021-2027**

The development of social protection and labour market policy is planned in five areas of action: (1) sustainable, stable and adequate material support ensuring sufficient economic independence for employees; (2) a modern and accessible social services system that, among other things, improves

citizens' ability to live independently and in society, to integrate into education and the labour market; (3) inclusive labour market and quality jobs, supporting long-term labour market participation. Within the framework of the area of actions, measures are planned to promote integration into the labour market for different groups of working-age people; (4) the system of legal support provided by the state has been developed by extending access to justice for vulnerable persons; (5) strengthening governance of social protection and labour market policies.

Given the included measures, the plan addresses the promotion of social inclusion, aims to tackle poverty and to reduce the income gap between the rich and the poor. Furthermore, the plan aims at improving social services and promoting work opportunities in a good work environment.

- **Plan for Improvement and Development of Social Services 2022-2024 (previously: Social Services Development Plan 2021-2023)**

The Plan for Improvement and Development of Social Services 2022-2024 is a short-term policy planning document that has been developed based on the "Guidelines for Social Protection and Labour market Policy 2021-2027" to ensure the development of social services for the next three years. The objective of the plan is to promote the smooth development of social services that meet the needs of individuals. In order to achieve the objective, the main tasks are to (1) increase the availability and efficiency of community-based social services and their responsiveness to the needs of the target group; (2) facilitate the transition to community-based services or services that are provided close to the family environment, also improving the quality of institutional care services; (3) ensure the availability of equal social services in the regions by determining the types of social services that must be provided in municipalities regardless of their surface area and number of inhabitants; (4) improve the quality and accessibility of social services for the population.

The plan sets out a comprehensive set of measures at cross-sectoral level to ensure quality and effective social services that meet inhabitants' needs.

The period of the plan was changed from 2021-2023 to 2022-2024 due to the fact that the initial process of consultations between the ministries and with the local governments took longer than expected, ensuring that a 3-year time horizon is respected.

- **Plan for Promotion of Equal Opportunities for Persons with Disabilities 2021-2023**

The Plan aims to promote the development of an integrated support system that meets the needs of persons with disabilities. To achieve this, the Plan sets out a comprehensive set of measures at cross-sectoral level, including the development of a disability assessment system, measures to promote the employment of persons with disabilities, to facilitate access to the built environment and to services, and to reduce stereotypes about persons with disabilities.

Overall, the Plan for Improvement of the Minimum Income Support System for 2022-2024 is closely related to the Social Protection and Labour Market Policy Guidelines for 2021-2027, which aims at reducing poverty and income inequality by sustainable, stable and adequate material support ensuring sufficient economic independence. The annual increase of the minimum income thresholds applies to eligible persons with disabilities and therefore is related to the Plan for the Promotion of Equal Opportunities for Persons with Disabilities 2021-2023, as it complements the measures included in it. Complementary measures set out in the Plan for Improvement and Development of Social Services 2022-2024 aim at reducing differences in access to social services depending on the size of the local

government and population density and improve inhabitants' ability to live independently and in society, to integrate into education and the labour market.

The four planning documents provide a comprehensive strategic framework for further development of the minimum income support system that shall be translated into legislation as foreseen by Milestone 111 "Entry into force of legislative amendments to improve the minimum income support system" (for the second payment request). The related policy documents also provide the basis for the implementation of several investments of the inequality component, including investment 3.1.2.1.i. Measures to promote access to public services and employment for people with disabilities and 3.1.2.3.i. Resilience and continuity of the long-term social care service.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 186	Related Measure: 6.2.1.r. Modernization of money laundering, investigation of economic crime and legal proceedings
Name of the Milestone: Entry into force of amendments to the Law on the prevention of money laundering and terrorist and proliferation financing	
Qualitative Indicator: Entry into force of amendments to the NILLTPFN law	Time: Q4 2021
Context: The objective of this measure is to improve the efficiency of the system for reporting suspicious transactions. The reform consists of a single milestone (Milestone 186) covering two elements: a) amending the Law on the Prevention of Money Laundering and Terrorist and Proliferation Financing to eliminate parallel reporting of suspicious transactions to both the Financial Intelligence Unit (FIU) and the State Revenue Service (SRS) and to introduce provisions for a new data reception and analysis system, b) adoption of a regulation by the Cabinet of Ministers prescribing the procedure and content of suspicious transaction reports and threshold declarations.	
Evidence Provided: In line with the verification mechanisms set out in the Operational Arrangements, the following evidence was provided: <ol style="list-style-type: none">1. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled.2. Copy of the publication of the amended "Law on the Prevention of Money Laundering and Terrorist and Proliferation Financing" (Annex 1). Published in the Official Journal "Latvijas Vēstnesis" No 121B on 28 June 2021 and a link to the document https://www.vestnesis.lv/op/2021/121B.213. Copy of Initial Impact Assessment report for the Legislative Act – Annotation to the amended "Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing" (Annex 2). and a link to the document http://titania.saeima.lv/LIVS13/SaeimaLIVS13.nsf/0/6B4735E2820A3B92C2258637002787AA?OpenDocument4. Copy of Regulation of the Cabinet of Ministers No. 550 "Regulation Regarding Procedures of Submission and Content of Reports on Suspicious Transactions and Threshold Declaration"	

(Annex 3) published in the Official Journal “Latvijas Vēstnesis” No 159 on 19 August 2021, and a link to the document <https://likumi.lv/ta/id/325463-noteikumi-par-aizdomigu-darijumu-zinojumu-un-slieksna-deklaracijas-iesniegsanas-kartibu-un-saturu>

Analysis:

In line with the Council Implementing Decision the evidence provided by the authorities demonstrates that the amendments to the “Law on the Prevention of Money Laundering and Terrorist and Proliferation Financing” are published in the Official Journal. Publication date is 28 June 2021. The amendments entered into force on 12 July 2021. With regards to the provision of the entry into force, according to the Law on Official publications and Legal Information (<https://likumi.lv/ta/en/en/id/249322>), the entry into force of the laws takes place two weeks after its proclamation by the Latvian President, if not specified otherwise.

The Regulation of the Cabinet of Ministers prescribing the procedure and content of suspicious transaction reports and threshold declarations is published in the Official Journal. Publication date is 19 August 2021. The Regulation entered into force on 1 October 2021 in accordance with Article 23. (Noteikumi stājas spēkā 2021. gada 1. oktobrī.)

The reporting procedure for suspicious transactions was changed and substantially upgraded to ensure the elimination of parallel reporting of suspicious transactions to both the FIU and the SRS. Article 31 point 4 of the amended Law (Annex 1) states that the reports on suspicious tax transactions have to be submitted only to the FIU. Before the amendments came into force, the regulatory framework obliged individuals to submit reports on suspicious transactions and the tax threshold statement to both the FIU and the SRS.

Article 31 point 6 of the amended Law (Annex 1) also foresees the introduction of new data reception and analysis system. It provides one channel for reporting and operational data exchange between the FIU, the SRS and other public stakeholders (including law enforcement agencies) and can be accessed through <https://goaml.fid.gov.lv>. It is a fully integrated software system specifically developed for the use of FIUs, providing data collection, processing, analysis, document management, workflow and statistical functions.

Article 31 points 5 and 6 of the amended Law (Annex 1) provide for the adoption of a regulation prescribing the procedure and content of suspicious transaction reports and threshold declarations. Accordingly, on 1 October 2021 the adopted Regulation of the Cabinet of Ministers No. 550 “Regulation Regarding Procedures of Submission and Content of Reports on Suspicious Transactions and Threshold Declaration” came into force.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 209	Related Measure: 6.4.2.r. Improvement of the Competition Environment
Name of the Milestone: Entry into force of regulatory framework for improving the competition environment and reducing corruption risks in public procurement	

Qualitative Indicator: n/a	Time: Q4 2021
<p>Context:</p> <p>The objective of this measure is to improve competition and reduce conflict of interest and risks of corruption in public tenders as well as to make value-for-money criteria more broadly used in public procurement. The reform consists of a single milestone on amending the Public Procurement Law with respect to conflict of interest requirements for procurement commissions, mandating a broader use of qualitative criteria for contract award, mandating a broader use of market consultations, and broadening the exclusion criteria for bidders.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. 2. Copy of the publication of the amendments to the Public Procurement Law in the Official Journal "Latvijas Vēstnesis" No 69 of 7 April 2022 (Annex 1), and a link to the document https://www.vestnesis.lv/op/2022/69.8 3. Copy of the publication of the amendments to the Public Procurement Law in the Official Journal "Latvijas Vēstnesis" No 52 of 15 March 2022 (Annex 2), and a link to the document https://www.vestnesis.lv/op/2022/52.4 	
<p>Analysis:</p> <p>In line with the Council Implementing Decision all six elements listed in the milestone and measure description are covered by the amendments to the Public Procurement Law:</p> <ol style="list-style-type: none"> 1) With amendments to Paragraph 2 of Section 24 of the Public Procurement Law (Annex 1) it is stipulated that a procurement commission shall be established for each procurement separately or for a specified period of time. 2) The amendments provide that a secretary of the procurement commission shall sign a declaration of absence of conflict of interest (Paragraph 1, 2 and 3 of Section 25 of Public Procurement Law (Annex 1)). 3) The amendments include broadened cases where a supplier may be excluded from tender. With amended Section 42 of Public Procurement Law (Annex 2), in addition to the existing exclusion grounds of candidates or tenderers, the contracting authority has been given the right to evaluate and exclude from participation in a procurement procedure candidates or tenderers on new exclusion grounds, for example, if the contracting authority has sufficiently convincing indications to conclude that the tenderer has entered into an agreement with other suppliers aimed at preventing, restricting or distorting competition 4) The amendments identify specific areas where life-cycle costs and quality criteria are to be assessed in addition to the purchase price. With the amendments, Section 51 of the Public Procurement Law (Annex 1) is being supplemented with Paragraph 31, which stipulates that the contracting authority is not entitled to use only price for comparison and evaluation of the tenders, if the subject-matter of the procurement contract is: <ol style="list-style-type: none"> a) designing of construction works (also applicable to design & build contracts). b) electricity consuming goods and products (supply contracts). c) road transport vehicles. 	

- 5) With the amendments, Section 41 of Public Procurement Law (Annex 1) is being supplemented with Paragraph 12, which stipulates that, in case of a single bid, the contracting authority is obliged to suspend the procedure, except if:
- a) before the announcement of the procurement procedure, the contracting authority has organised a market consultation according to requirements of Paragraph 21 of Section 18 of Public Procurement Law;
 - b) suspension of a particular procurement procedure would endanger the interests of public security or public health. In this case, the contracting authority shall in the report on the procurement procedure include the justification describing the interests of public security or public health that would be endangered in case of re-tendering.
- 6) The amendments provide a requirement for a market consultation in order to avoid restrictive technical specifications. The Public Procurement Law (Section 18, Annex 1) stipulates that the contracting authority, in order to be entitled not to suspend the procedure, shall ensure that before the announcement of that particular procurement procedure the market consultation meeting took place and certain requirements are fulfilled.

The final provisions of both Annex I and Annex II of the Public Procurement Law stipulate that “This Law shall enter into force on 1 January 2023” (*Likums stājas spēkā 2023. gada 1. janvārī*). Whilst the annexes have been published in the Official Journal (on 7 April 2022 and 15 March 2022 respectively) and there is legal certainty that the law will apply, according to the Law, the entry into force of the provisions relevant for this milestone is 1 January 2023.

On the basis of the published acts, the authorities have launched the following processes:

- **Developing and adopting the related regulation of the Cabinet of Ministers**: amendments to the Public Procurement Law on improving the competition environment and reducing corruption risks in public procurement provide for significant changes in the legal framework, the application of which also requires several changes in a related regulation of the Cabinet of Ministers. The preparation of amendments to the related regulation of the Cabinet of Ministers had started at the time of submission of the payment request in accordance with the following timeline:
 - May–June 2022: Preparation of draft regulation
 - 30 June 2022: Submission of draft regulation for the national process of inter-institutional harmonisation
 - 30 June 2022–31 October 2022: Process of inter-institutional harmonisation will be carried out
 - 31 October 2022: Submission of draft regulation for approval at the sitting of the Cabinet of Ministers
 - Beginning of November 2022: Adoption of draft regulation by the Cabinet of Ministers followed by publication in Official Journal.

As these amendments to the related regulation of the Cabinet of Ministers are necessary for the application of the relevant amendments to the Public Procurement Law, the relevant amendments to the law will apply from 1 January 2023.

- **The application of certain amendments requires technical adjustments to the information systems**: as the amendments to the Public Procurement Law on improving competition

environment and reducing corruption risks in public procurement provide for significant changes in the legal framework and procedures of public procurement, it is also necessary to perform technical adjustments to the e-procurement system. For example, amendments to the Public Procurement Law on reducing corruption risks in public procurement provide for changes in provisions for the exclusion of tenderers, the application of which requires adjustments in the e-certificate subsystem of the e-procurement system. According to the information provided by the State Regional Development Agency, which administers the e-procurement system, over the coming months the Agency is intending to take the following actions:

- 31 May 2022–16 December 2022: Execution of the work for adjustments to the e-procurement system to ensure verification of tax debts for tenderers who are not registered or do not permanently reside in Latvia.
 - By 1 August 2022: Completion of development of solution of the Information Centre of the Ministry of the Interior for unified limitation periods for exclusion grounds
 - 1 August 2022–30 December 2022: Completion of necessary adjustments to the e-procurement system.
- **In order to ensure correct and uniform application of this new legal framework, it is necessary for the Procurement Monitoring Bureau to develop methodological material regarding the content and application of amendments:** the Procurement Monitoring Bureau must ensure both the development of new explanations (guidelines) of the application of the amended legal framework and the updating of existing ones in accordance with the amendments adopted. Currently, methodological material is being developed and over the coming months the Procurement Monitoring Bureau intends to take the following actions:
 - July 2022: Harmonisation process of the drafts within the Procurement Monitoring Bureau
 - August–September 2022: Clarification of drafts and harmonisation process with strategic partners of the Procurement Monitoring Bureau
 - September–October 2022: Organisation of procurement for layout and visual design of methodological material on the amended exclusion grounds
 - October–November 2022: Visual and layout designing of the methodological material on the amended exclusion grounds; organisation of focus group; development of a presentation
 - 1 December 2022: Presentation of methodological materials; methodological material are available on the Procurement Monitoring Bureau's web site

Amendments to the Public Procurement Law on Reducing Corruption Risks in Public Procurement provide for a new function for the Competition Council of Latvia, for the implementation of which the Competition Council requires additional state budget funding, which will be included in the draft 2023 budget. This new function for the Competition Council of Latvia was not initially foreseen but was included in the draft law during its adoption process in the Parliament. The corresponding amendments provide that the opinion of the Competition Council must be obtained when the contracting authority intends to exclude a candidate or tenderer on the basis of sufficiently convincing indications that the candidate or tenderer has entered into an agreement with other suppliers aimed at preventing, restricting or distorting competition.

Given the above, it is considered that the adopted acts are already creating legal effects.

The amendments to the Public Procurement Law improve the competition environment and reduce corruption risks in public procurement and will apply as of 1 January 2023. With the adoption and publication of the amendments to the Public Procurement Law, the deficiencies in the existing public procurement framework are identified and the administration is preparing the transition towards the application of the new framework. Moreover, the delay between the adoption of this law and the actual application of the new framework is considered both limited and proportional, notably as the delay is for a short duration and is proportional to the time necessary for both the authorities and the public to prepare for the implementation of the new framework.

On this basis, and given that there is both certainty on the application of the amendments to the Public Procurement Law and that the law is already creating legal effects, it is considered that the milestone is satisfactorily fulfilled.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 213	Related Measure: 6.4.4.r. IUB IT and analytical capacity building
Name of the Milestone: Adoption of criteria for identifying risky market sectors, customers and purchases	
Qualitative Indicator: n/a	Time: Q4 2021
<p>Context:</p> <p>The objective of this measure is to improve the effectiveness of preventive measures to ensure timely identification of risky public procurement (i.e. identification of risks in specific sectors, in the activity of particular contracting authorities or in the conduct of specific procurement). It consists of two steps. Milestone 213 specifically calls for the approval of criteria for identification of risky market sectors, customers and procurement procedures. The criteria set shall be based on procurement publication indicators and European Commission procurement indicators, as well as on good practices from other countries, such as the index tool. Milestone 214 (Q4 2024) provides for upgrading of the publications management system, allowing for better data analytics and improving the transparency of procurement data.</p>	
<p>Evidence Provided:</p> <p>In line with the verification mechanisms set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> 1. Summary document justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled. 2. The document “Contracting Authorities’ Rating Tool - description of criteria” of 26 November 2021 (Annex I), which lays down the criteria by which it is possible to rank procurers and identify problematic situations in the procurement or situations of good practice, as well as to make strategic decisions on the basis of this information. 3. The document “Identification of risky procurement, risky contracting authorities and risky sectors – description of criteria” of 17 December 2021 (Annex II), which determines criteria to assess the immediate risks of individual procurements, contracting authorities or the entire sector and to react promptly. 	
<p>Analysis:</p> <p>In line with the Council Implementing Decision the evidence provided by the authorities demonstrates that the criteria for identifying risky market sectors, customers and purchases have been approved. The effectiveness of preventive measures to ensure a timely identification of risky public procurement will be improved.</p> <p>The developed criteria, in line with the milestone and measure description, take into account procurement publication indicators, good practices from other countries (Czechia and Slovakia) for applying risk assessment tools in practice, such as “zIndex” and European Commission procurement indicators.</p> <p>The set of criteria is based on:</p> <ol style="list-style-type: none"> a. <u>Procurement publication indicators</u> by using only data automatically available in the Publications Management System from procurement publications (notices); 	

- b. European Commission procurement indicators by using criteria reflected also in the European Commission Single Market Scoreboard in the procurement area (for example, procurements with a single bid);
- c. Good practices from other countries by using experience and good practice of Czechia and Slovakia for applying the risk assessment tools in practice, such as “zIndex” (<https://www.zindex.cz>) in the Contracting Authorities’ rating tool (Annex II). PMB outsourced research into a risk-based model of Czechia and Slovakia in December 2020.

The adopted criteria are expected to help in the development of automated data acquisition tools, which in turn will aid the Procurement Monitoring Bureau in the identification and monitoring of public procurement best practice indicators and risks. The Procurement Monitoring Bureau’s operations are expected to be more efficient and focused.

Commission Preliminary Assessment: Satisfactorily fulfilled