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COMMISSION IMPLEMENTING DECISION

of 23.9.2022

on the authorisation of the disbursement of the first 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 17 June 2022, Latvia submitted a request for payment, accompanied by a management declaration and a summary of audits. The request concerned the first 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 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 nine relevant milestones related to the non-repayable support 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. 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

³ Recovery and Resilience Facility Operational arrangements between the European Commission and Latvia, entered into force on 16 February 2022.

Commission provided the competent committee of the European Parliament with an overview of its preliminary findings concerning the satisfactory fulfilment of the relevant milestones. The Economic and Financial Committee agreed with the Commission's positive preliminary assessment and was of the opinion that Latvia has satisfactorily fulfilled all the milestones 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)(1) of the Annex to the Council Implementing Decision provides the relevant milestones that are to be satisfactorily fulfilled for the first instalment of the non-repayable support for an amount of EUR 231 000 000.
- (5) Milestone 77 provides for the entry into force of a regulatory framework laying down procedures for the organisation and implementation of remote learning to ensure that remote learning is available in all Latvian educational institutions and levels of education (except at pre-school level). The objectives of the investment are to provide access to learning content and to enable pupils from socially vulnerable groups to participate in the remote learning process. Latvia provided a copy of Regulation No 111 on criteria and conditions for the organisation and conduct of remote learning (Official Journal "Latvijas Vēstnesis" No 29 of 10 February 2022). Latvia also provided a letter of 22 June 2022 by the Ministry of Education and Science to heads of the local government educational boards, setting detailed conditions for all educational establishments to include in their internal rules a framework for the organisation and implementation of the remote learning. The evidence demonstrates that the regulatory framework has entered into force and their content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (6) Milestone 80 provides for the adoption of technical requirements for connected and automated driving that is a part of the reform to further develop the broadband infrastructure in Latvia. A copy of the common technical requirements for infrastructure to support connected and automated driving in the Latvian section of the Via Baltica corridor approved by the SJSC "Latvian State Radio and Television Centre" (LVRTC) board on 23 December 2021, and by LVRTC Procurement Committee on 17 February was provided by the Latvian authorities. Latvia also provided opinions of the mobile operators and documents from the meetings of the Latvian, Lithuanian, Estonian and Polish expert group on the roadmap for the Via Baltica 5G/connected automated driving corridor. These demonstrate that common technical requirements were adopted. The technical requirements specify connected automated driving infrastructure parameters, in particular, in the Latvian section of the Via Baltica corridor. Thus, their content and objective are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (7) Milestone 81 provides for the adoption of a common model for the development of the last mile that is a part of the reform to further develop the broadband infrastructure in Latvia. Latvia provided a copy of the decision of the Cabinet of Ministers No 826 of 11 November 2021 on a common model for the development of the last mile of high-speed broadband connections. Latvia also provided a copy of the report on the results of the public consultation on the electronic communications sector policy for the years 2021-2027 and copies to the studies on which the development plan for the electronic communications sector is based. These demonstrate that a common model was adopted, and it sets general principles for the support programme and further

procurement documentation. Thus, its content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (8) Milestone 98 provides for the entry into force of the rental law balancing the rights of tenants and landlords. Latvia provided a copy of the Law on Housing Lease (Official Journal “Latvijas Vēstnesis” No 65 of 6 April 2021), which demonstrates that the new legal framework for rents has entered into force to ensure a fair balance between the interests of the tenant and the landlord and to speed up the resolution of disputes. The amended Law on Housing Lease corrects imbalances between the rights of tenants and landlords in order to promote the construction of renting housing and consequently to facilitate affordability of housing. The evidence provided demonstrates that the content and objectives of the law are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (9) Milestone 104 provides for the entry into force of a legal framework establishing qualitative (such as performance at the centralised exams) and quantitative (such as minimum number of students, availability of infrastructure, etc.) criteria for general secondary education institutions. The adopted legal framework promotes the provision of high-quality education by supporting 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. A copy of the Regulation No 387 (Official Journal “Latvijas Vēstnesis” No 122 of 29 June 2021) amending Regulation No 583 of 11 September 2018 and a copy of the Regulation No 583 of 11 September 2018 (the Official Journal “Latvijas Vēstnesis” No 197 of 5 October 2018) was provided by the Latvian authorities that demonstrates that the legal framework has entered into force and that the content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (10) Milestone 110 provides for the adoption of the strategic framework for further development of the minimum income support system by strengthening the methodology for calculating the minimum income. The adopted strategic framework includes the Plan for Improvement of the Minimum Income Support System for 2022-2024, the Social Protection and Labour Market Guidelines 2021-2027, the Plan for the Promotion of Equal Opportunities for Persons with Disabilities 2021-2023 and the Plan for improvement and development of social services 2022-2024, all of which were provided by the Latvian authorities as evidence. The strategic framework forms the necessary background to set the minimum income of no less than 20% of the median income and establishes a procedure for annual positive indexation. Thus, its content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (11) Milestone 186 provides for the entry into force of amendments to the Law on the Prevention of Money Laundering and Terrorist and Proliferation Financing. The objective of the reform is to improve the efficiency of the system for reporting suspicious transactions. A copy of the law (Official Journal “Latvijas Vēstnesis” No 121B of 28 June 2021) and of Regulation of the Cabinet of Ministers No. 550 “Regulation Regarding Procedures of Submission and Content of Reports on Suspicious Transactions and Threshold Declaration” (Official Journal “Latvijas Vēstnesis” No 159 of 19 August 2021) were provided by the Latvian authorities.

These demonstrate that the amendments have entered into force and that the content and objectives are in line with the requirement of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.

- (12) Milestone 209 provides for the entry into force of a regulatory framework for improving the competition environment and reducing corruption risks in public procurement. The copies of the publication of the Public Procurement Law (Official Journal “Latvijas Vēstnesis” No 69 of 7 April 2022 and Official Journal “Latvijas Vēstnesis” No 52 of 15 March 2022) were provided by the Latvian authorities. The law addresses the deficiencies of the existing public procurement framework. It has been adopted and published and the administration is preparing the transition for its application from January 2023. The delay between the adoption of this law and the actual application of the 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. Against this background, 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 Latvian authorities have demonstrated that the content and objectives of the framework are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (13) Milestone 213 provides for the adoption of criteria for identifying risky market sectors, customers and purchases in public procurements. Through this reform, Latvia aims to improve the quality of procurement. Latvia provided the document “Contracting Authorities’ Rating Tool - description of criteria” of 26 November 2021 and the document “Identification of risky procurement, risky contracting authorities and risky sectors – description of criteria” of 17 December 2021. The evidence provided by the Latvian authorities demonstrates that the relevant documents were adopted and their content and objectives are in line with the requirements of the milestone. On the basis of the due justification provided, the milestone should be considered as satisfactorily fulfilled.
- (14) Following the fully positive assessment concerning Latvia’s payment request, in accordance with Article 24(5) of Regulation (EU) 2021/241, the disbursement of the financial contribution for the first instalment of the non-repayable support should be authorised.
- (15) 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 13% of the financial contribution as pre-financing, an amount of EUR 30 030 000 of the payment should be utilised to clear the pre-financing, equal to 13% of the instalment.
- (16) 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.

(17) 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 first instalment of the non-repayable support as laid down in Section 2(1)(1) 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 231 000 000 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 30 030 000 shall be utilised to clear the pre-financing of the financial contribution and EUR 200 970 000 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, 23.9.2022

For the Commission

Paolo GENTILONI

Member of the Commission