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Proposal for a

COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 10157/21 INIT; ST 10157/21 ADD 1) of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Latvia

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THE COUNCIL OF THE EUROPEAN UNION,

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 Facility[1], and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Following the submission of the national recovery and resilience plan ('RRP') by Latvia on 30 April 2021, the Commission proposed its positive assessment to the Council. The Council approved the positive assessment by means of the Council Implementing Decision of 13 July 2021[2]. That CID was amended on 8 December 2023[3].

(2) On 18 December 2024, Latvia made a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision of 13 July 2021 in accordance with Article 21(1) of Regulation (EU) 2021/241 on the grounds that the RRP is partially no longer achievable because of objective circumstances. On that basis, Latvia has submitted an amended RRP.

Amendments based on Article 21 of Regulation (EU) 2021/241

(3) The amendments to the RRP submitted by Latvia because of objective circumstances concern 28 measures.

(4) Latvia has explained that 10 measures have been amended to implement better alternatives in order to achieve the original ambition of the measure. This concerns: target 4, milestone 5a and the description of measure 1.1.1.r. (Greening the Riga Metropolitan Transport System) under Component 1 (Climate Change and Environmental Sustainability); target 43, target 44, milestone 44a and the description of measure 2.2.1.1.i. (Support for the establishment of Digital Innovation Hubs and

[1] OJ L 57, 18.2.2021, p. 17.
[2] ST 10157/21 INIT, ST 10157/21 ADD 1.
[3] ST 15569/23 INIT, ST 15569/23 ADD 1.

Regional Contact Points), target 50, target 51, target 52 and the description of measure 2.2.1.4.i. (Financial instruments to facilitate the digital transformation of economic operators), target 71, target 72 and the description of measure 2.3.2.1.i. (Digital skills for people) and milestone 74, target 75, target 76 and the description of measure 2.3.2.2.i. (Development of state and local government digital transformation skills and capabilities) all under Component 2 (Digital Transformation); milestone 115, milestone 116, target 117 and the description of measure 3.1.2.1.i. (Measures to promote access to public services and employment for people with disabilities) under Component 3 (Reduction of Inequality); target 193 and target 194 under measure 6.2.1.3.i. (Establishment of a single training centre for the development of the qualifications of judges, court staff, prosecutors, assistant prosecutors and specialised investigators (interdisciplinary matters), milestone 200, target 201 and the description of measure 6.3.1.1.i. (Open, transparent, fair and accountable public administration) and milestone 202, target 203 and the description of measure 6.3.1.2.i. (Professionalisation of public administration and administrative and capacity building) all under Component 6 (Rule of law); and target 224 under measure 7.3.i. (Upgrading, digitalising and securing the electricity transmission and distribution networks) under Component 7 (REPowerEU). On this basis, Latvia has requested to amend the aforementioned measures, including the relevant milestones and targets. Furthermore, Latvia has requested to remove target 4 of measure 1.1.1.1.i. (Competitive rail passenger transport within the common public transport system of the city of Riga) and the 5.3 km of rapid bus transit lane under milestone 5a of measure 1.1.1.2.i. (Environmentally friendly improvements to the public transport system of the city of Riga) under Component 1 (Climate Change and Environmental Sustainability). The Council Implementing Decision of 13 July 2021 should be amended accordingly.

(5) Latvia has explained that 13 measures have been amended to implement a better alternative to reduce the administrative burden, whilst still reaching the objectives of the measures. This concerns: the description of measure 1.2.1.5.i. (Modernisation of electricity transmission and distribution networks) and of measure 1.3.1.r. (Disaster management system adaptation to climate change, rescue and rapid response services) under Component 1 (Climate Change and Environmental Sustainability); targets 47, 48 and 49 and the description of measure 2.2.1.3.i. (Support for the introduction of new products and services into business), milestone 57, milestone 57a and the description of measure 2.3.1.r. (Development of a sustainable and socially responsible support framework for adult learning), target 79 and the description of measure 2.3.2.3.i. (Closing the digital divide for socially vulnerable learners and educational institutions) and target 83 under measure 2.4.1.2.i. (Broadband or very high capacity network “last mile” infrastructure development) all under Component 2 (Digital Transformation); target 108 under measure 3.1.1.6.i. (Purchase of zero-emission vehicles for the performance of municipal functions and related services) and the description of measure 3.1.2.5.i. (Participation in the labour market of unemployed, jobseekers and people at risk of unemployment) both under Component 3 (Reduction of Inequality); targets 141 and 142 of measure 4.1.1.3.i. (Support for strengthening health infrastructure of secondary outpatient service providers) under Component 4 (Health); target 155, milestone 156 and the description of measure 5.1.1.1.i. (Operationalisation and continuous operation of a fully-fledged innovation system governance model), milestone 160, target 162 and the description of measure 5.2.1.r. (Reform of Higher Education and Scientific Excellence and Governance) and targets 164 and 165 and the description of measure 5.2.1.1.i. (Research, development and consolidation grants) all under Component 5 (Economic transformation and

productivity reform); and milestone 187 and the description of measure 6.2.1.1.i. (Establishment of AML Innovation Hub to improve the identification of money laundering) under Component 6 (Rule of Law). On this basis, Latvia has requested to remove unnecessary background information or procedural elements that do not contribute to the objectives of the measures, to clarify that certain elements relate to the objectives or the context of the measures, and to simplify descriptions of measures or milestones and targets that cause an unjustified administrative burden for reaching the objectives of the corresponding measures. The Council Implementing Decision of 13 July 2021 should be amended accordingly.

(6) Latvia has explained that 2 measures are no longer achievable in the specific terms envisaged in the original RRP because of changes in market demand, taking into account that an insufficient number of proposals were received as compared to the expectations of the authorities prior to launching the calls. This concerns target 63, target 64 and the measure description of 2.3.1.2.i. (Development of digital skills of enterprises) under Component 2 (Digital Transformation); and targets 122 and 123 and the description of measure 3.1.2.3.i. (Resilience and continuity of the long-term social care service) under Component 3 (Reduction of Inequality). On this basis, Latvia has requested to decrease the required level of implementation of target 63 and target 64 of measure 2.3.1.2.i. (Development of digital skills of enterprises). Furthermore, Latvia has requested to decrease the required level of implementation of targets 122 and 123 of measure 3.1.2.3.i. (Resilience and continuity of long-term social care service). Latvia has requested to amend the measure description and targets 122 and 123, by decreasing the number of contracts to be concluded by the Central Finance and Contracting Agency and by decreasing the number of persons to be provided with long term care. The Council Implementing Decision of 13 July 2021 should be amended accordingly. Following the removal of measures under Article 21 of Regulation (EU) 2021/241, Latvia has requested to use the resources freed up by the removal of measures and decrease in the level of the implementation to add three new measures and increase the level of implementation of one measure. This concerns milestone 4 and milestone 4a of measure 1.1.1.i. (Improving Riga Metropolitan transport infrastructure) under Component 1 (Climate Change and Environmental Sustainability); target 50 and target 51 of measure 2.2.1.4.i. (Financial instruments to facilitate the digital transformation of economic operators) under Component 2 (Digital Transformation); milestone 109a and 109b of measure 3.1.1.7.i. (Loans to real estate developers for the construction of low-rent dwellings) under Component 3 (Reduction of inequality); target 130a of measure 3.1.2.6.i. (Facilitating the availability of technical aids) under Component 3. On this basis, Latvia has requested to increase the level of implementation of milestone 4 by replacing target 4 with milestone 4 and introducing signature of contracts for the new investment upgrading Riga Central Railway Station and to add milestone 4a to reflect the construction completion of the new investment added concerning the upgrading of Riga Central Railway Station. In this regard, Latvia has requested to increase the level of required implementation by amending the description of measure 1.1.1.i. (Improving Riga Metropolitan transport infrastructure) under Component 1 (Climate Change and Environmental Sustainability) and add the transport investment concerning the upgrading of Riga Central Railway Station. Furthermore, Latvia has requested to increase the level of implementation of target 50 and target 51 of measure 2.2.1.4.i. (Financial instruments to facilitate the digital transformation of economic operators) under Component 2 (Digital Transformation). In addition, Latvia has requested to add milestone 109a and milestone 109b and measure 3.1.1.7.i. (Loans to real estate

developers for the construction of low-rent dwellings) under Component 3 (Reduction of inequality). Measure 3.1.1.7.i. (Loans to real estate developers for the construction of low-rent dwellings) contributes to addressing the 2019 Country-Specific Recommendation 3.2 to focus investment-related economic policy on the provision of affordable housing. In addition, this new measure is justified by the long maturity (30 years) of the loans at stake, the small size of the measure (EUR 29 million, equivalent to 1,5% of the plan), the limited capital market in Latvia where alternative sources of financing are reduced for this type of long-term projects, as well as the social targeting of the measure, where long-term financing for such social measures is comparatively less than measures in other policy areas. Furthermore, Latvia requested to add target 130a and measure 3.1.2.6.i. (Facilitating the availability of technical aids) under Component 3 (Reduction of inequality).

(7) The Commission considers that the reasons put forward by Latvia justify the amendment(s) pursuant to Article 21(2) of Regulation (EU) 2021/241, and the Council Implementing Decision of 13 July 2021 should be amended accordingly.

Distribution of milestones and targets

(8) The distribution of milestones and targets in instalments should be modified to take into account the amendments to the plan and the indicative timeline presented by Latvia.

Corrections of clerical errors

(9) Five clerical errors have been identified in the text of the Council Implementing Decision, affecting one target, one milestone and four measures under four components. The Council Implementing Decision should be amended to correct these clerical errors that do not reflect the content of the RRP submitted to the Commission on 30 April 2021, as agreed between the Commission and Latvia. Those clerical errors relate to target 33 of measure 2.1.2.1.i. (Centralised platforms, systems and shared services) under Component 2 (Digital Transformation), milestone 94 of measure 3.1.1.3.i. (Investments in public infrastructure to develop industrial parks in the regions) under Component 3 (Reduction of Inequality), and the descriptions of the following measures: measure 1.2.1.3.i. (Improving municipal buildings and infrastructure by promoting the transition to renewable energy technologies and improving energy efficiency) under Component 1 (Climate Change and Environmental Sustainability), measure 3.1.1.3.i. (Investments in public infrastructure to develop industrial parks in the regions) and measure 3.1.2.4.i. (Synergistic development of social and vocational rehabilitation services for the promotion of the resilience of people with functional impairments) under Component 3 (Reduction of Inequality) and measure 4.1.1.2.i. (Support for strengthening the health infrastructure of university and regional hospitals) under Component 4 (Health). Those corrections do not affect the implementation of the measures concerned.

Commission's assessment

(10) The Commission has assessed the amended RRP against the assessment criteria laid down in Article 19(3) of Regulation (EU) 2021/241.

Do no significant harm

(11) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the amended RRP is expected to ensure that no measure (Rating A) for the implementation of reforms and investments projects included in this RRP does significant harm to environmental objectives within the meaning of Article

17 of Regulation (EU) 2020/852 of the European Parliament and of the Council[4] (the principle of 'do no significant harm').

(12) The amended RRP has been determined to be compliant with the principle of 'do no significant harm' as set out in the DNSH Technical Guidance (2021/C58/01) and in accordance with the methodology provided in the technical guidance provided in the Commission Notice entitled 'Technical guidance on the application of "do no significant harm" under the Recovery and Resilience Facility Regulation'. The Commission has concluded that, for all the amended and new measures, the information provided by Latvia demonstrated compliance with this principle.

Contribution to the green transition including biodiversity

(13) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the amended RRP contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 38.14% of the amended RRP's total allocation and 100% of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of Regulation (EU) 2021/241, the amended RRP is consistent with the information included in the National Energy and Climate Plan 2021-2030.

(14) Following the proposed modification of the RRP, the contribution to climate objectives decreased from 41.51% previously to 38.14% currently. The decrease in the contribution to climate objectives reflects the removal of an investment under measure 1.1.1.1.i. (Investment: Competitive rail passenger transport within the common public transport system of the city of Riga) in Component 1 (Climate Change and Environmental Sustainability) and its replacement with a new investment in the plan supporting the development of a multimodal public transport system in Riga where rail would become the backbone of transport. The change consists of removing an investment previously contributing 100% to the climate objectives with a new investment contributing 40%.

Costing

(15) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the amended RRP on the amount of the estimated total costs of the RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.

(16) The cost information provided by Latvia for the amended RRP is detailed and well substantiated. Moreover, Latvia submitted separate documents, including more elaborate descriptions of the methodology underlying the cost calculations and explanations of how past projects relate to the cost estimates of the new measures as documentation, as well as on the additionality of EU funding where applicable. The assessment of the cost estimates and supporting information shows that the majority of the costs of the new measures are well justified, reasonable and plausible, and do not

[4] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

include costs covered by existing or planned Union financing. However, as some costing elements are not entirely documented, this leads to the assessment that the costing information is clear to a medium extent, which would warrant a B rating. Finally, the amount of the estimated total costs of the RRP is in line with the principle of cost efficiency and commensurate to the expected national economic and social impact.

Positive assessment

(17) Following the positive assessment by the Commission of the amended RRP with the finding that the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, the reforms and investment projects necessary for the implementation of the amended RRP, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the amended RRP in the form of non-repayable financial support should be set out.

Financial contribution

(18) The estimated total costs of Latvia's amended RRP is EUR 1 969 244 522. As the amount of the estimated total costs of the amended RRP is equal to the updated maximum financial contribution available for Latvia, the financial contribution determined in accordance with Article 20(4) allocated for Latvia's amended RRP should be equal to the total amount of the maximum financial contribution available for Latvia's amended RRP. This amount is equal to EUR 1 969 244 522.

(19) Council Implementing Decision (EU) (ST 10157/21 INIT; ST 10157/21 ADD 1) of 13 July 2021 on the approval of the assessment of the RRP for Latvia should therefore be amended accordingly. For the sake of clarity, the Annex to that Council Implementing Decision should be replaced entirely.

HAS ADOPTED THIS DECISION:

Article 1

The Council Implementing Decision of 13 July 2021 on the approval of the assessment of the recovery and resilience plan for Latvia is amended as follows:

(1) Article 1 is replaced by the following:

'*Article 1*

Approval of the assessment of the RRP

The assessment of the amended RRP of Latvia on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.';

(2) the Annex is replaced by the text set out in the Annex to this Decision.

Article 2
Addressee

This Decision is addressed to the Republic of Latvia.

Done at Brussels,

For the Council
The President