

Approved by a Decision of the Saeima on

20 December 2012

Cross-Sectoral Coordination Centre (CCSC)

# National Development Plan of Latvia for 2014–2020

December 2012

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## Introduction

[1] The National Development Plan 2014–2020 (NDP2020) is hierarchically the highest national-level medium-term planning document. NDP2020 is closely related to the Sustainable Development Strategy of Latvia until 2030 (Latvia2030) and the National Reform Programme for the Implementation of the EU2020 Strategy (NRP).

[2] The goal of NDP2020 is to agree upon the most important medium-term priorities, areas of action, objectives and the indicators of their implementation. NDP2020 was developed in cooperation of the experts at the Cross-Sectoral Coordination Centre (CSCC) with the social and cooperation partners of the government, government ministries, planning regions and local governments.

[3] The programming documents for European Union and other foreign financial instruments for 2014–2020 are being developed on the basis of the priorities and objectives defined in the National Development Plan. The National Development Plan determines the distribution of the development budget rather than the basic budget, and the instrument for implementing it is the State and local government budget funds, Cohesion Policy and Common Agricultural Policy funds, investment from other European Union budget instruments, and European Union and other foreign financial assistance instruments and private funding.

[4] The NDP has been developed in accordance with the requirements of Cabinet (government) Regulation No. 816 of 19 October 2011 “Procedures for the Development, Implementation, Monitoring and Public Discussion of the National Development Plan for 2014-2020”.

## A Vision of Latvia in 2020: “Economic Breakthrough – for the Greater Well-Being of Latvia!”

[5] The Latvian State was established to exercise the right of self-determination of the Latvian people. Latvia is open and welcoming to residents of all ethnicities that accept the meaning of the existence of Latvia: the development of the Latvian nation, its language and culture in its own land. In 2020, Latvia will be a country that is Latvian in character and self-confident, secure and resident-friendly, green and well-tended, prosperous, effective and competitive – and a home to industrious, well-educated, creative, healthy and happy people. Through joint efforts we, all the residents of Latvia, can make this goal a reality.

[6] We, the residents of Latvia, have on many occasions proven to ourselves and others alike that seemingly impossible things can be achieved when we unite in the name of common tasks. We do and will continue to have a reason to be proud!

[7] This conviction and vision rests on Latvia’s long-term objective, which serves as a beacon in this uncertain age so abundant in problems and opportunities:

*[8] In 2030, Latvia will be a thriving country of active and responsible citizens. Everyone will have the opportunity to feel safe and belonging to Latvia, everyone here will have the opportunity to achieve their goals. The strength of the nation will lie in the inherited, discovered and newly created cultural and spiritual values, the richness of language and knowledge of other languages. It will unite the society for the creation of new, diverse and unique values in economy, science and culture, and these values will be appreciated, known and respected outside Latvia as well.*

*[9] Riga will be an important cultural, tourism and business centre in the middle of the Baltic Sea region. Urban-rural partnership will ensure a high quality of life in the entire territory of Latvia.*

*Latvia – our only home – is a green and well-tended place, which is creative and easy to reach in the global space, and for the sustainability of which we are responsible before the future generations.<sup>1</sup>*

**[11] Have you thought of how old you will be in 2020?** Latvia, your homeland, will already be more than a hundred years old. Few people can reach this kind of age and, looking back on their lifetime, assess the goals achieved, derive joy from their grandchildren and the legacy of their labours being left behind. Whereas for a country, one hundred years is an age which merely concludes the learning stage. Now, relying on the accumulated knowledge, it is ready to blossom, displaying its beauty and ability to the entire world!

**[12] What have you personally done to make Latvia richer and better?** All too often we speak and complain of the things that the state has failed to give us, whilst forgetting that it is we ourselves who shape the state. This is where we need to give an answer to ourselves: what have we done to make sure that the state would move even a step towards our imagined ideal. Have we set up a business and paid taxes honestly? Have we participated in environment clean-up campaigns, tidied the space beyond our own fence and operated in an environmentally friendly way? Have we helped our fellow human beings? Do we have equal

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<sup>1</sup>Source: Sustainable Development Strategy of Latvia until 2030.

rights? Have we engaged in learning? Have we been living an active and healthy life? There is a myriad of tiny tasks we can pick up on our own without being told to or nudged – which can bring about a general rise in the well-being of the state and society. The main thing is to take the first step and to understand that the responsibility for one’s country begins with the responsibility for one’s own actions and own lives and with respect towards others and diversity!

**[13] Take a look around you: isn’t Latvia the most beautiful country on the earth?** Each day we need to make sure that our children and grandchildren, too, are able to delight in the glorious beauty of our native land. Just as importantly, we need to foster our centuries-long traditions and preserve cultural treasures. These are the things that render Latvian towns and villages so unique and us so justifiably proud.

[14] In order to achieve this future vision and reach the goals we have set, each one of us will have to work selflessly, irrespective of our occupation and scale of action. Responsibility for one’s country farmstead, local municipality, private undertaking is as important for national purposes as responsibility for entire sectors. Order cannot be created artificially and from the top down. It starts with little things – just as rich and honey-filled honeycomb begins with individual, fully formed cells.

[15] For us all to be able to look back on our accomplishments in 2020, to assess what has been achieved and to define goals for the next stage of activities, we have specified the outcomes and tasks in NDP2020, structured as 12 mutually coordinated and interrelated strategic objectives. By implementing them, we will achieve an “economic breakthrough” in the interest of the people of Latvia and the country.

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### **Competitiveness and Productivity**

[16] The foundation of the Latvian economy is the efficient, thought-out and concentrated use of resources aimed at promoting business development in the country. Enterprises (from small to large) that create products and services for export are of the greatest significance. The establishment and development of businesses that are creative and generate high added value are especially encouraged. Any investment of public funds must be aimed at increasing efficiency and economic return on the resources employed.

[17] Ensuring high quality and raising productivity constitute some of the most important preconditions for increasing the competitiveness of our businesses, which is why entrepreneurs are encouraged regularly to assess the effectiveness of their use of resources and the productivity and innovation potential of their employees to ensure that Latvia exports processed products and services with added value as much as possible. Fewer and fewer of our resources are exported in the form of raw materials.

### **Business Environment**

[18] In order to achieve substantial economic prosperity, the state and its residents are engaged in maintaining a business-friendly environment, raising investment and pursuing effective measures to stimulate job-creation, the development of people’s competencies and their competitiveness in the labour market. The taxation system is predictable and competitive in the medium term if compared with other countries in the region.

[19] In cooperation with the private sector, the state makes investments in the transport infrastructure, which is crucial for business activity nationally and internationally. This is done not merely as a way of rationally taking advantage of the country's favourable geographic position, but also to boost Latvian businesses in supplying competitive products and services to foreign markets. Multi-modal transportation corridors play an increasingly important role in transit – consisting of transit roads, the railway and ports. The electrification and modernisation of transportation corridors allows more and more goods to be shipped through such corridors and facilitates the development of new processing and service industries in Latvia – thus letting the state and its residents increasingly benefit from the country's favourable geographic location.

[20] The public administration has reduced red tape and reviewed its functions to ensure a straightforward, transparent and convenient set of necessary procedures which aid business activity rather than obstruct it. In any area of activity, ensuring the rule of law and the effective application of legislation is the paramount principle.

[21] By 2020, the share of the grey economy in Latvia will have shrunk by half, and tax avoidance will have become not only unnecessarily risky but also unprofitable, as public services in many fields are directly linked to tax payments.

### **Research and Innovation**

[22] Latvia has internationally competitive colleges and universities employing internationally recognised and qualified academic staff. Higher education has become a widely coveted export service of Latvia. Study programmes are provided in accordance with the language policy of Latvia as a national state: primarily in Latvian and in one of the official languages of the European Union. The graduates of Latvian colleges and universities demonstrate a competitive advantage both in domestic and foreign labour markets. Furthermore, a growing number of graduates continue their careers in research in Latvia.

[23] Latvian science is concentrated in research institutes that are competitive globally. A significant proportion of the research is co-founded by private businesses; academia and the private sector work together to create new and globally competitive products. It is the collaboration of science and business that continues to generate new, innovative and creative products and services that are competitive in the world markets.

### **Energy Efficiency**

[24] Comprehensive energy efficiency has become the cornerstone of the country's energy independence. Improving the energy efficiency of the manufacturing and service sectors is a matter of both competitiveness and the quality of working and living environments. The energy efficiency of homes and public buildings is systematically being improved, taking into account the construction capacity and local government energy plans, while transitioning to local renewable energy resources. Design and construction of low-energy buildings and consulting services are becoming an important export area.

[25] Latvia has a favourable environment for investment in green energy that is predictable in the long term and economically sound, and one that does not place an excessive burden on society or the state budget. The Latvian energy system is evolving to be stable and flexible and is successful at integrating into the European energy systems, combining efficient high-capacity energy generation with small-scale dispersed energy production, supported by the development of smart grids.

## Employment

[26] Society recognises that social and regional inequality as well as inequality of opportunity can be reduced by a high level of employment where each individual strives towards productivity. Therefore, inclusive, sustainable and competitive economic development has a balanced growth of various sectors of the economy as its basis – which at once provides a sufficient number of jobs to match the existing skills of the population and offers new types of employment with a higher value added and remuneration.

[27] The unemployed have access to timebound, focused and relevant assistance from the state that encourages learning and returning to the labour market as soon as possible. State assistance is aimed at non-discriminatory treatment in the labour market, the acquisition and development of new competencies and skills and improving qualifications or requalification.

[28] At work, people realise their interests and abilities and improve themselves professionally. Employment links them to the country in which they live and to other residents. Work is not merely a means of ensuring daily sustenance but also a method of self-actualisation, a way to forge and maintain social and civic ties for the Latvian population.

## Competencies

[29] The population of Latvia has realised that only targeted and smart investment in their own and their children's education will contribute to their increased competitiveness in the labour market and overall national long-term growth.

[30] State-of-the-art schools across Latvia offer a well thought-out core curriculum that serves as the foundation for the development of young people's competencies and skills. Schools throughout Latvia are accessible to any child; the state has implemented a special programme for the development of small rural schools: alongside libraries and other cultural and educational institutions, schools have become multifunctional local community centres.

[31] Compulsory secondary education, both general and vocational, is instrumental to achieving an “economic breakthrough” and a high standard of overall well-being in 2020. The learning process and instruction of subjects at schools are provided at a high level and from the earliest school days onwards unleash abilities and skills and prepare the young generation to be competitive in the future labour market. Intensive acquisition of Latvian, foreign languages and information technology are the pillars of the education system.

[32] Every school has an interest in improving its learning environment and striving for good results, as parents have become active and responsible participants in the educational process. Alongside formal education, all children have access to the offerings of the Latvian culture: everyone is encouraged to get involved in a variety of pursuits and activities beyond formal education.

[33] Professional education centres with their outstanding teaching staff, programmes and equipment, established in cooperation with employers, have also opened their doors to adults. Anyone who needs it, including middle-aged people, takes advantage of the opportunity to acquire higher qualifications on their path to better employment.

## Health

[34] A healthy person who is fit for work is central to the sustainable development of Latvia. The majority of the Latvian population have realised that they bear the main responsibility for their health. It is important to care for one's health in order to be able to live a long and busy life full of wholesome activity.

[35] The majority of people pursue an active lifestyle and have developed healthy habits. This is their contribution to extending their own active lives and well-being. This has largely been achieved thanks to a state policy that raises the public's awareness of healthy eating habits, the need for sports activities, and the harm caused to health by alcohol, drugs and other addictive substances. To create more opportunities for individuals to be active, the state supports interest-related education, provides publicly accessible sports infrastructure and facilitates measures to cut addictions.

[36] The priority of the public health sector is the promotion of health and preventive measures aimed at a healthy lifestyle and the reduction of alcoholism, smoking and other harmful habits. The public is well informed and educated regarding the impact of various factors on health, the quality of life and life expectancy. Unhealthy habits are not advertised as a part of a modern lifestyle. Health education is provided to all age groups, with special emphasis on its significance at schools, thus also contributing to the prevention of sexual violence.

[37] Access to healthcare has improved at the same time. The role of general practitioners in the prevention and monitoring of illnesses has increased. The general practitioner helps with reinforcing healthy lifestyle habits, improves health and ensures a timely diagnosis and commencement of treatment. The network of out-patient healthcare services is well developed and operates in close cooperation with general practitioners. Emergency medical assistance is available to all and at the right time.

[38] The quality of healthcare has increased, ensuring a systemic approach to the prevention of illnesses, timely diagnosis and quality treatments – especially for cardiovascular, oncological and psychiatric diseases and perinatal care. Changes have been made to the management of the healthcare system to make sure that an individual can receive the necessary healthcare service promptly.

## Demography

[39] Thanks to comprehensive assistance programmes, taking responsibility for one's health has had a positive effect on demographic indicators. As the healthy life expectancy of the population has increased, premature deaths have declined substantially, reproductive health has improved, the number of live births is up and the number of artificially terminated pregnancies has dropped to the European averages.

[40] An especially child-friendly environment exists in Latvia. To have children in Latvia now means giving them the opportunity to live in a healthy and safe environment. Confidence in one's own and the country's future has encouraged the birth rate in Latvia, enabling it to improve the grave demographic situation and ensure regeneration.

[41] Support measures to balance work and family life; as well various childcare options and motivational benefits and opportunities for parents with children encourage families to have not just one but two and more children. In cooperation with local governments, the state has also put in place family assistance in crisis situations to enable children to grow up in stable



and emotionally safe surroundings. Children left without parental care are taken in by trustworthy and responsible families. Children and young people with special needs participate in the education system alongside their peers.

[42] Pre-school educational institutions are available to everyone starting from the age of a year and a half. An education that promotes the unfolding of creative and cognitive faculties and is rooted in values is provided from as early as the age of eighteen months, whereas upon entering school children are given the foundations for responsible behaviours, creative and well-developed logical thinking and the knowledge of at least one foreign language. Thanks to an improved “the money follows the student” principle, parents can choose the most suitable pre-school for their child from a vast, versatile and high-quality range of offerings.

### **Cooperation, Participation and Culture**

[43] The state pays special attention to the preservation, maintenance and promotion of the fundamental treasures of the Latvian cultural heritage. In order to pursue these objectives, the state is improving its cooperation with local governments, businesses, public organisations and international bodies. The Latvian Cultural Canon is an instrument for shaping the national policy of culture, education, national unity and cohesion and the identity of Latvia.

[44] The fundamental national treasures are the country’s national culture and the Latvian language. All ethnic groups residing in Latvia actively share in the creation and maintenance of the culture, thus facilitating societal cohesion. Both the cultural heritage that has evolved over the centuries and newly created culture represent a unique and enduring resource which, if used skilfully, can shape Latvia’s recognition globally.

[45] In a globalised and digitalised world in which the competitive advantage of a nation is increasingly determined by creative ideas transferred to innovative products and services, Latvian population has given rise to creative business activity thanks to widely available new technology and adult education programmes. They have created employment for themselves and others and are able successfully to compete with their products and services in the global market.

[46] Cooperation aimed at fostering of cultural treasures has also reinforced the people’s desire and abilities to participate in the addressing of other matters. Among other things, it has been possible to increase the residents’ participation in making decisions that are essential for national development. Opportunities for participation as well as the improved communication with the public has built up people’s confidence in their country.

[47] The Latvian public as a whole and various groups within it are able to obtain information in a unified, interconnected and reliable informational space. This has been achieved by focusing resources on developing and maintaining a public media body. Providing the public with Latvian-produced informational offerings that are engaging, analytical and trustworthy has made them attractive to all residents of the country: including those who have left the country temporarily to live and work elsewhere.

[48] Latvians living abroad are able to maintain their Latvian identity and take part in making decisions on the development of Latvia. Exports of goods and services are ensured not only by the active operation of businesses in foreign markets, but also collaboration with those residents who live permanently outside of Latvia: they may be viewed as a lively and large representation of our country. Upon their return to Latvia, they bring with them new knowledge and skills, as well as out-of-the-box perspectives on resolving various issues.

[49] The main task of a state is to take responsibility for the physical safety and legal protection of its residents, in accordance with the principle “one law, one justice for all”. The state caters to the maintenance and professionalism of security and law enforcement institutions by providing education and up-to-date career opportunities to the personnel. They enjoy broad support from the public, as they perform their tasks by ensuring people’s understanding and participation.

### Natural Capital

[50] Latvia continues to be one of the greenest countries in the world, which is an attraction for domestic and international visitors alike. Efficient and appropriate uses of the green potential enable its maintenance, conservation and augmentation in a profitable manner. Care for the environment no longer presents an obstacle and a burden for economic development but is rather a source of income for the state and its residents.

[51] At the global and European level we can boast responsible and sustainable management of the natural treasures – forests and agricultural lands, water and underground resources – and protection of the diversity of the Latvian nature.

### Potential of the Regions

[52] As the economy expands and the creative and business activity of people evolves, the Latvian regions are now also thriving: each of them unique, but all of them strong and significant. In order to raise the territorial potential, cross-border (international) cooperation is needed – in the fields of the economy, tourism, environmental protection, culture, education, sports, etc. Riga is a recognised cultural and business centre of the Baltic region. By exploiting its spatial and human resource advantages and being a metropolis in the Baltic region, Riga is open to cooperation with other urban centres in the region.

[53] Regional development is based on unleashing economic activity, particularly in the sector of small and medium enterprises. It provides jobs to regional population. National development centres are the sites where large enterprises concentrate, attracted by their well-developed industrial infrastructure. In turn, cooperation is thriving in the rural areas. Many agricultural enterprises receive state assistance to create new products and services and to proceed with the specialisation of the farms.

### Access to Services

[54] Although business activity is mainly concentrated in national and regional development centres, residents anywhere in Latvia have access to state and local government services digitally and from unified customer service centres. Residents are well aware of such options.

[55] By 2020, Latvia will have a rational and well-developed road infrastructure. Quality roads will connect the national and regional development centres, in which manufacturing and services are concentrated. Thanks to targeted investment, new jobs will have been created in the regional development centres, and many residents of Latvia will choose to live in the territories adjacent to the regional development centres.

### In Lieu of a Conclusion

[56] By 2020, Latvia will have evolved into a country of active and responsible citizens where

people will be willing and able to take care not only of themselves and their next of kin but also of other fellow human beings in need. Sustainable development has neither age nor spatial limits. An “economic breakthrough” geared at sustainable development does not discriminate against or exclude anyone. Quite the contrary: it marks a positive progression and invites self-improvement. A society that is self-confident, prepared for challenges, cooperative and benevolent will be able to bring about and improve the quality of life in all of Latvia.

[57] Through joint efforts, Latvia will emerge beautiful. Everyone is invited to come and give a hand!

## Major Obstacles and Forecasts for Medium-Term Macroeconomic Development

[58] Within the rapidly changing economic and social environment, it is necessary to clearly define focused directions for growth and make a concerted effort to strengthen and improve its position within the regional, European and global context and provide for the well-being of its people and the fiscal sustainability of the state. On the basis of an analysis of macroeconomic trends, and aware of the balance between wishes and possibilities, NDP2020 defines clear goals and the ways of achieving them to ensure that the financial investments made prove both productive and conducive to growth.

[59] The CSCC Gap Analysis of the National Development Plan 2014–2020 (GANDP) of March 2012 provides an analysis of the obstacles for and a forecast of macroeconomic development, including an assessment of the current situation with regard to the achievement of the goals of Latvia2030, the implementation of the long-term Saeima-approved concept document *The Model for Growth of Latvia: Human Being in the First Place* and the NDP, based on various nationally and internationally available statistics and various industry surveys. The Latvia Competitiveness Report 2011 (LCR2011), which was published in April 2012 and provides a comprehensive evaluation of the competitiveness of the national economy and offers proposals for policy development, contributed greatly to the definition of goals.

[60] Both the GANDP and LCR2011 note Latvia's ability to recover on a macroeconomic level after the recent economic and fiscal crisis and to create conditions for subsequent development, while acknowledging that the competitiveness of the country is inseparably linked to the quality of life of its inhabitants.

[61] The economic and fiscal crisis gave rise to a host of complications, some of which have not yet been resolved: the Latvian gross domestic product (GDP) has not reached the pre-crisis levels; unemployment has risen (although it has declined from the maximum rate of 20.7%); the poverty level is among the highest in the EU; in terms of income levels, Latvia is the most unequal EU Member State; and the economic recovery programme has caused a steep increase of the general government debt, the repayment or refinancing of which has to begin in 2012. In the aftermath of the fiscal crisis, the social cleavages have widened, the grey economy has expanded, and the development of innovations has slowed.

[62] In addition, the global trends affecting Latvia need to be evaluated. The developed countries of the world (including those in the Euro zone) are weathering the downturn with varying degrees of success, and many places are subject to high financial vulnerability. The current problems could affect Latvia, causing diminished growth and capital outflow, and make it more difficult for the country to raise the necessary financing in international financial markets. Signals regarding the economic future of Latvia's trading partners are ranging from pessimistic to hopeful. Also, the creation of additional reserves in the national economy hold back economic growth, and rising commodity prices lower the purchasing power and create insufficient consumption.

[63] In the light of the situation in Latvia and worldwide, the GANDP concludes that the Latvian fiscal and taxation policy is generally competitive on the international level, with the indirect tax rates on labour, capital and consumption being the lowest among the Baltic states. However, there is a need to reduce the national debt in the medium term and review the workforce tax policies. Whereas the main recommendation of the LCR2011 is that the focus

should be shifted from efficiency-driven to innovation-driven economy. Thus, achieving an “economic breakthrough” has been put forward as the most important medium-term goal for encouraging the growth of the national economy and the improvement of the well-being of the population.

[64] NDP2020 is geared towards implementing a rigorous and sustainable fiscal policy and ensuring macroeconomic stability in close connection with the Convergence Programme and National Reform Programme of Latvia and the Fiscal Discipline Law. Securing the stability of the financial sector is an important precondition for economic growth.

[65] Looking at the development of the national economy over the last 10 years, it is possible to observe a spectacular rate of increase; unfortunately this growth was not sustainable and ended in a rapid decline. This is evidenced by the uneven external trade balance, the pro-cyclic nature of government finances, the relatively small proportion of export capable sectors in the GDP, and other factors. Services dominate the Latvian GDP, and a large proportion of services are solely domestic as they are not internationally competitive. Within the EU, Latvia has been assessed as a “moderate innovator”. The innovation performance in the country is low, although the growth indices exceed the EU average.

[66] The GANDP concludes that in 2011, Latvia’s export growth and the rate of increase of industrial production in Latvia were among the best in the EU. This proves that Latvia can be internationally competitive even at times when markets are shrinking. In comparison to the pre-crisis period, the trade deficit has decreased considerably, and since the second quarter of 2010, the interbank interest rates have been stable and low, which indicates that the level of confidence in the national economy has increased. At the same time, further export growth needs to rely not only on price reductions, but also an improvement of productivity, which too is an important measure of competitiveness. LCR2011 notes the high levels of business activity at the initial stage, caused mainly by the deterioration of employment opportunities. At the same time, LCR2011 calls for a radical reduction of the grey economy as one of the three priority steps so as to prevent the distortion of the economy and encourage long term investment in productivity improvement without diminishing the impact of the government policy.

[67] NDP2020 priority “Growth of the National Economy” is a response to the macroeconomic challenges and uses the available opportunities to secure the development of highly productive and internationally competitive entrepreneurial activity in different territories, as well as new and progressive, research- and innovation-based jobs. Special attention should be paid to the creation of an outstanding business environment.

[68] According to the GANDP, the quality of life index in Latvia (since the start of measurements in 2003) peaked in 2007 and reached its lowest point two years later, in 2009. The change in the population figures is also an important factor. Since 2000, the population has decreased by 309,000, or 13%. The average income per household in Latvia is among the lowest in the EU. The quality of the health of the population is poor, and the retraining of people according to the availability of jobs is insufficient: there is a shortage of labour, yet unemployment is not decreasing. Furthermore, LCA2011 defines the improvement of the quality of the education system as one of the three major recommendations.

[69] The GANDP concludes that the economic and fiscal problems have resulted in a considerable deterioration of the people’s capacity to act, therefore individual solutions (emigration, the grey economy) prevail over collective solutions (payment of taxes, participation, social entrepreneurship), deepening the crisis in the society. Therefore the second

priority of NDP2020 is reinforcing “Human Securability” (a form of resilience). In a society that is healthy and has a high level of well-being, a spirit of security prevails making it capable of acting not only in the individual’s best interest but also the common interest of society.

[70] Latvia has significant cultural, historical and natural heritage, as well as forest and agricultural land resources, and if used sustainably, these can improve the state of the national economy considerably. At the same time it has to be concluded that a large part of these potential resources are under-used: for example, the amount of unused agricultural land continues to expand. The number of passengers travelling by public transport is declining, reflecting a decrease in the population and dwindling purchasing power, as well as a consequence of the optimisation of these services. The improvement of the public transport infrastructure is proposed as the final of the three priority areas in LCR2011.

[71] The third priority of NDP2020, “Growth for Regions”, implies effective use and targeted development the geographic location, natural and other resources, linkage of the spatial structure with the emergence of a sustainable national economy structure and the attraction of high-quality investment.

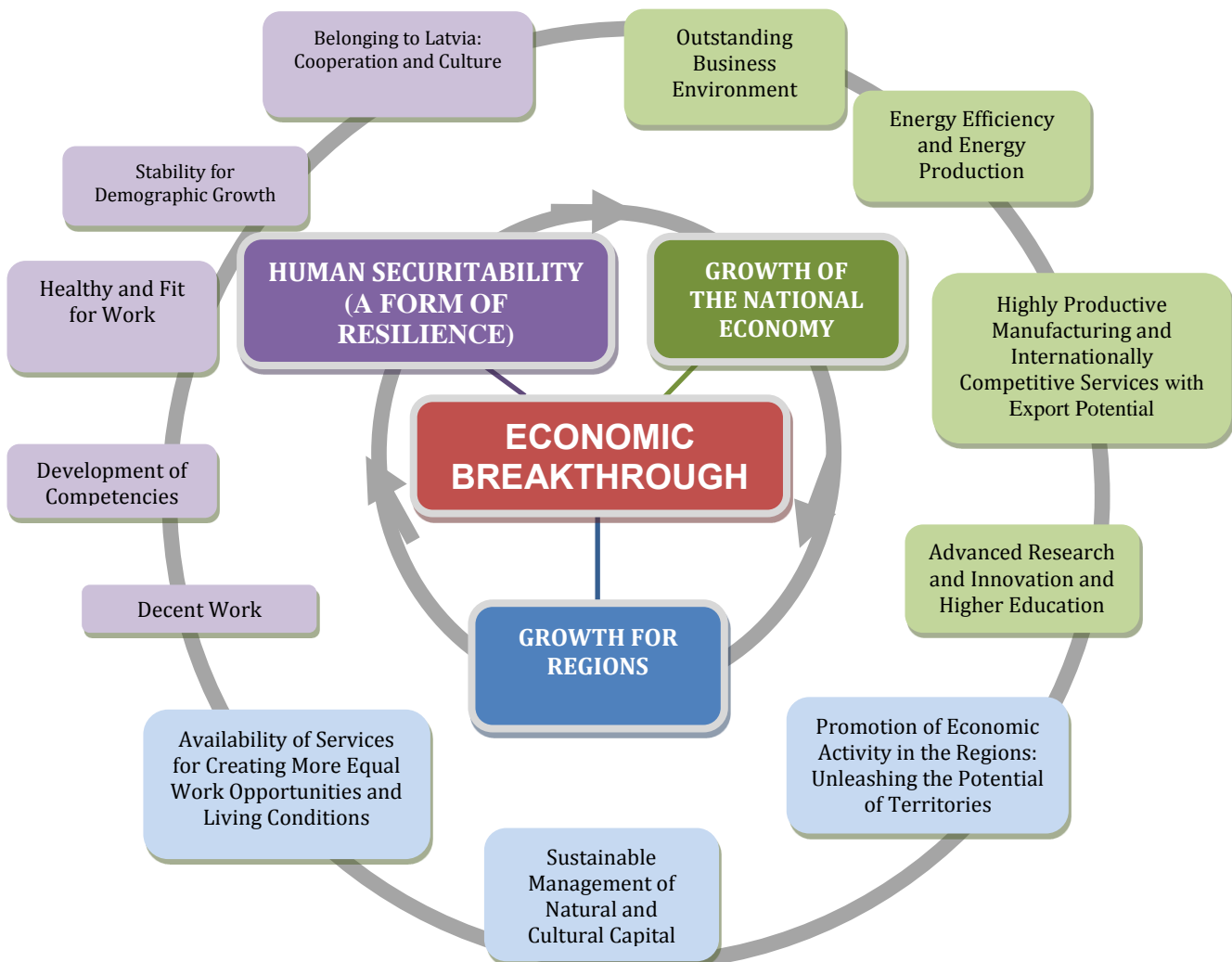
[72] In the light of the comprehensive analysis, the Government has designated “economic breakthrough” as the guiding principle of NDP2020 and defined three priorities: growth of the national economy, human securability and growth for regions. By means of consistent and systemic implementation of the above priorities, Latvia will implement an “economic breakthrough” effectively transforming limited labour, financial and natural resources into competitive products in order to achieve the main goal: the improvement of the quality of life for each one of us.

## Structure of NDP2020

[73] The Government-approved guiding principle of an “economic breakthrough” and the three priorities – “Growth of the National Economy”, “Human Securitability” (a form of resilience) and “Growth for Regions”– form a mutually effective and unified system that fits a sustainable planning approach as well as the structure defined in Latvia2030 and the NRP. All three priorities contribute to each other, and only if these are implemented in conjunction with each other, the Government-defined guiding principle of NDP2020, “economic breakthrough”, can be implemented.

[74] The most important strategic objectives have been identified for each of the NDP2020 priorities, along with outcomes to determine the degree to which the objectives have been reached, how appropriately and effectively the identified problems have been addressed and obstacles removed. The most detailed component of NDP2020 is the level of individual measures, which defines the steps to be taken in order to achieve the goals.

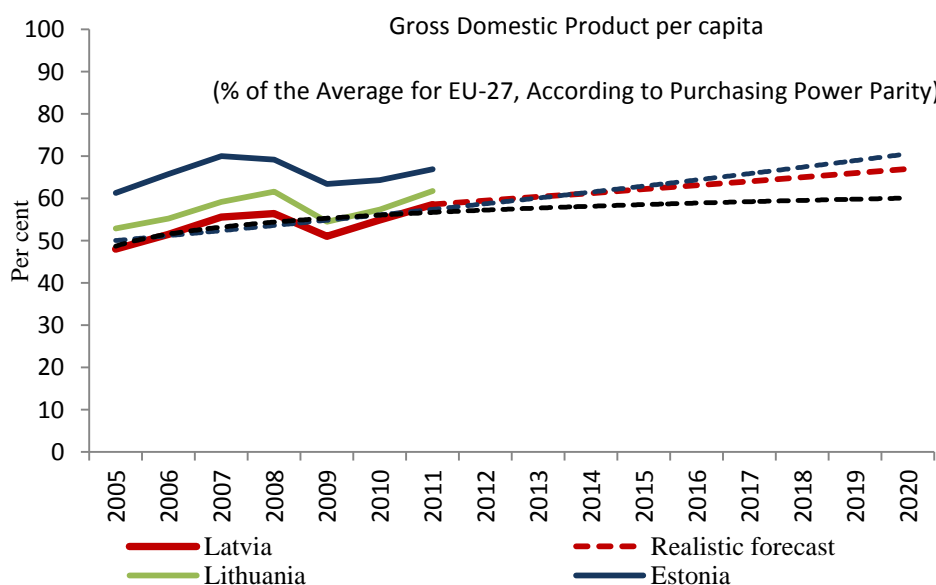
[75] Without the creative faculties and initiative of people, neither growth of the national economy nor regional development is possible. At the same time, for individuals to develop, there is a need for a sustainable national economy providing an increasing number of jobs and opportunities for advancement as well as for a quality living environment in which time off work can be spent in a pleasant and productive manner. In turn, regional development is closely connected with the people who reside there, their economic activity and the development of the infrastructure.



## NDP2020 Macro Impact Indicators

[76] The NDP2020 Macro Impact Indicators provide the required data for the regular evaluation of the implementation of the Plan and the impact assessment. They help the decision makers and the public to follow the progress of achieving an “economic breakthrough”. All the selected outputs are related to the values of NDP2020, they are focused, interrelated and subordinated, and provide a comprehensive description of the degree of the implementation of the goal: GDP per capita, the income quintile share ratio and the change in the population level – the natural population growth.

[77] GDP per capita based on purchasing power parity is an index for comparing the level of well-being of the populations of different countries and the rate of economic growth.

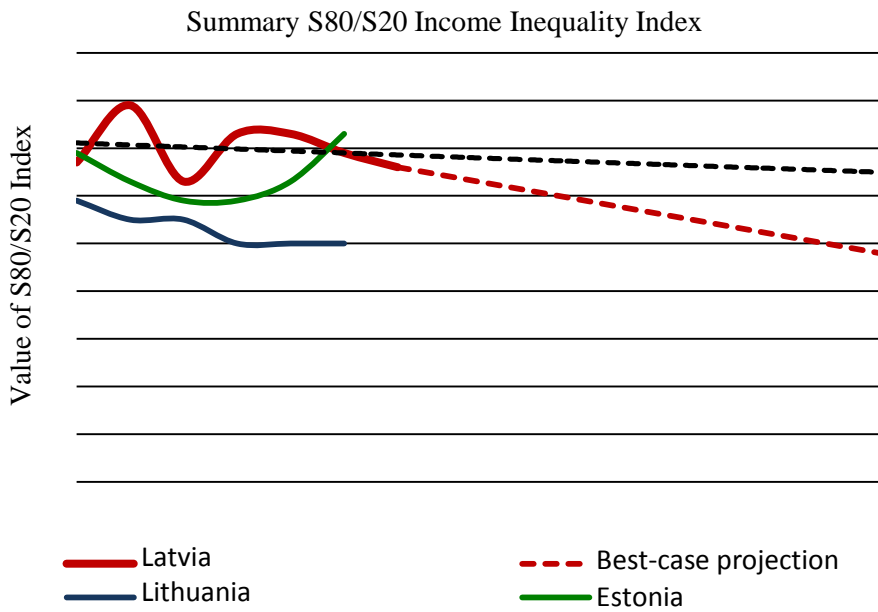


Source: CSB

Forecasts: CSCC, using data interpolation methods and information by MoE

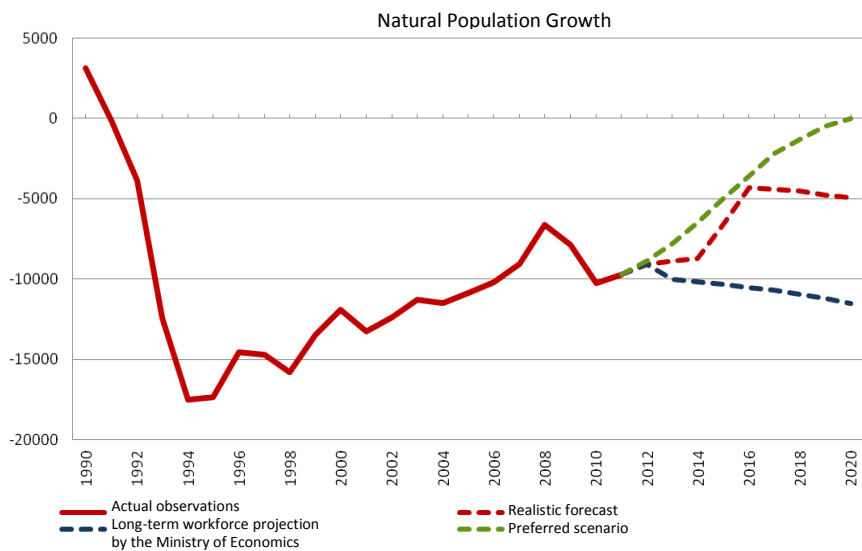
[78] The S80/S20 income quintile share ratio describes the inequality of income and the stratification of society. It expresses the ratio of the income received by 20% of the country’s highest earning residents to 20% of the country’s lowest-earning residents and needs to be viewed in context with other indicators that help one to understand the sources of formation of a middle class.





Source: CSB  
Forecasts: CSCC

[79] Changes in the population level – natural population growth – represent the difference between births and deaths within a year, without including changes caused by emigration and immigration. Increasing the birth rate is important for ensuring the existence of the Latvian nation. If appropriate measures are not taken, the natural population growth in the coming years could decline considerably, which is related to the sharp drop in births in the early 1990s and emigration in recent years.



Source: CSB  
Forecasts: CSCC, MoE

## Priority “Growth of the National Economy”

### *Why the “Growth of the National Economy”?*

*[80] Prioritising national economic growth acts as fuel in the engine of Latvia's “economic breakthrough”. The priority is aimed at balancing the structure of Latvia’s national economy, expanding the operations of the sectors focused on external markets, providing targeted support to businesses in the manufacturing sector and providers of internationally competitive services.*

[81] Growth requires a more competitive structure of the national economy that encourages a rational and efficient use of local resources. Highly productive, exporting companies and an increase in their number ensures the development of the corresponding economic sectors at all stages of the value chain: resource extraction, manufacturing (production), sales, services and other fields.

[82] To improve the competitiveness of Latvian products and services and to increase their export volumes the following is required:

- An increase in productivity (more efficient use of resources);
- A close cooperation with the scientific sector on a commercial basis, encouraging the interest of the private sector to invest in research and innovation;
- An outstanding business environment: - predictable, reasonable and supportive to every entrepreneur;
- A sustainable transportation infrastructure that ensures domestic mobility and international accessibility;
- An efficient and smart use of energy resources and energy production.

### [83] Goal of the Priority

#### [84] Goal 1

Sustainable growth of Latvia’s economy with increasing national competitiveness in international markets

#### [85] Priority Strategic Objectives

**Strategic Objective** “Highly Productive Manufacturing and Internationally Competitive Services with Export Potential”

**Strategic Objective** “Outstanding Business Environment”

**Strategic Objective** “Advanced Research and Innovation and Higher Education”

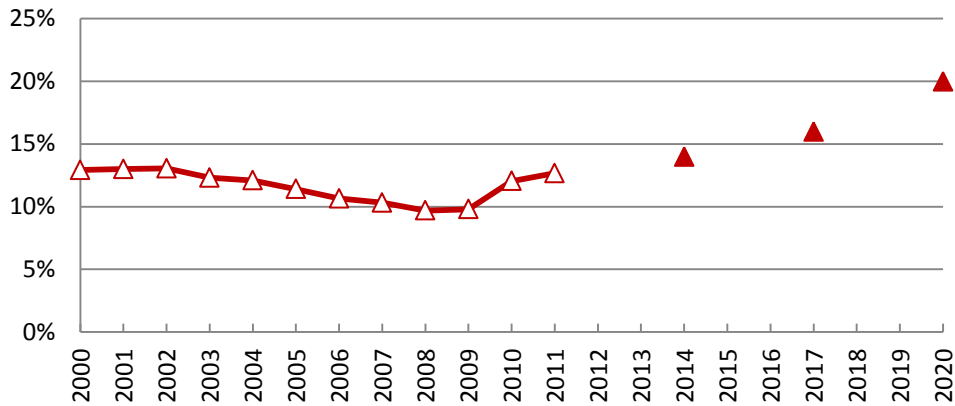
**Strategic Objective** “Energy Efficiency and Energy Production”

#### [86] Measurable Outcomes for the Priority Goal

[87] **Index 1** Output of the processing industry as a percentage of the GDP

[88] The processing industry is a process where new products are created by means of physical or chemical transformation of materials, substances or other components. This index reveals the annual share of the processing industry in the gross domestic product.

Contribution of Processing Industry to the GDP (%)

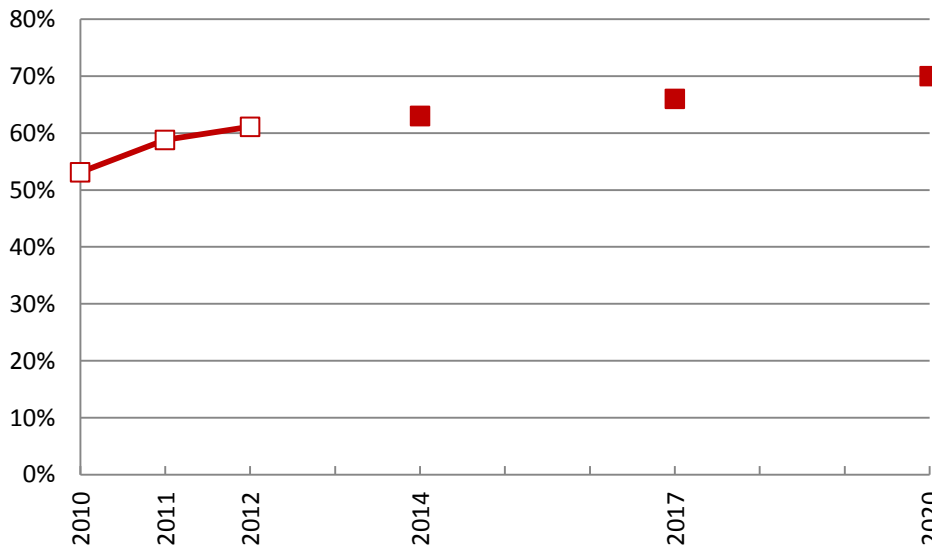


Source: CSB  
Forecasts: CSCC

**[89] Index 2** Export of goods and services as a percentage of the GDP

[90] Export usually denotes the sale of products abroad. However, services can also be exported. This index reveals the share of the total export of goods and services in the GDP.

Export of Goods and Services (% of the GDP)

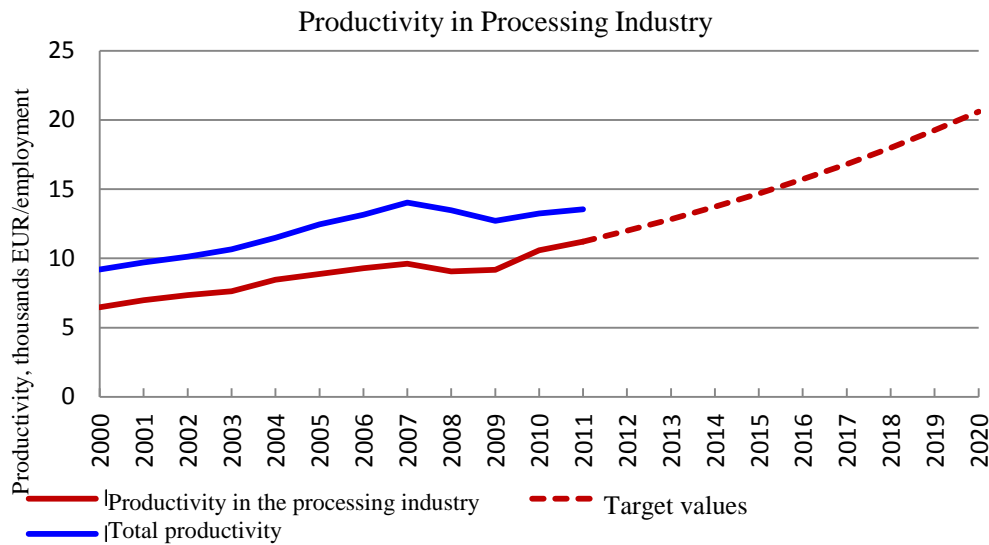


Source: Bank of Latvia  
Forecast: CSCC

**[91] Index 3** Productivity in the processing industry

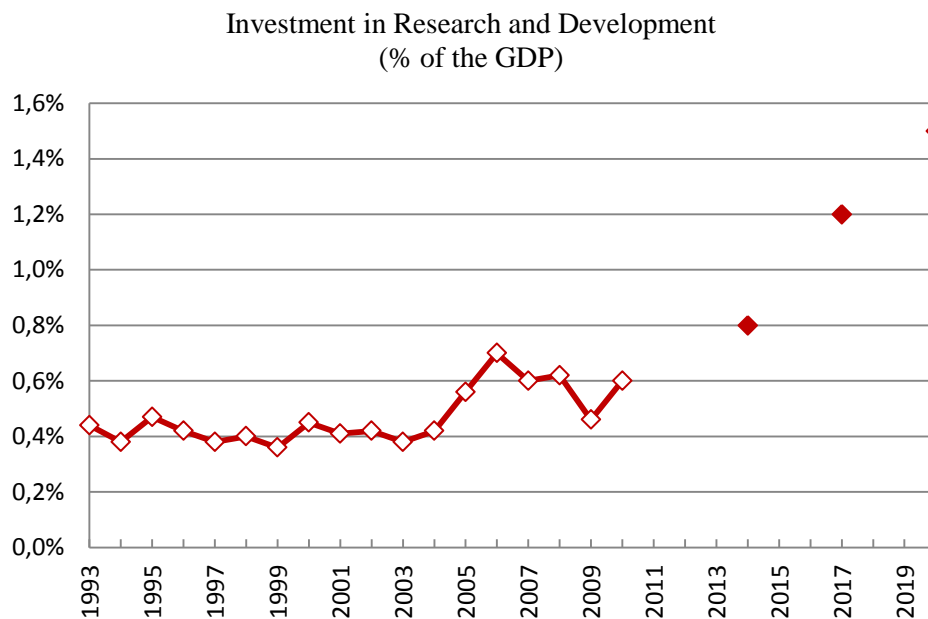
[92] Productivity in the processing industry is the most important index that determines the international competitiveness of that industry. By increasing the volume of capital investment in the processing industry towards equipment acquisition and training, it is possible to raise

labour productivity and the competitiveness of the manufactured products without affecting other production factors.



**[93] Index 4 Investment in research and development as a percentage of the GDP**

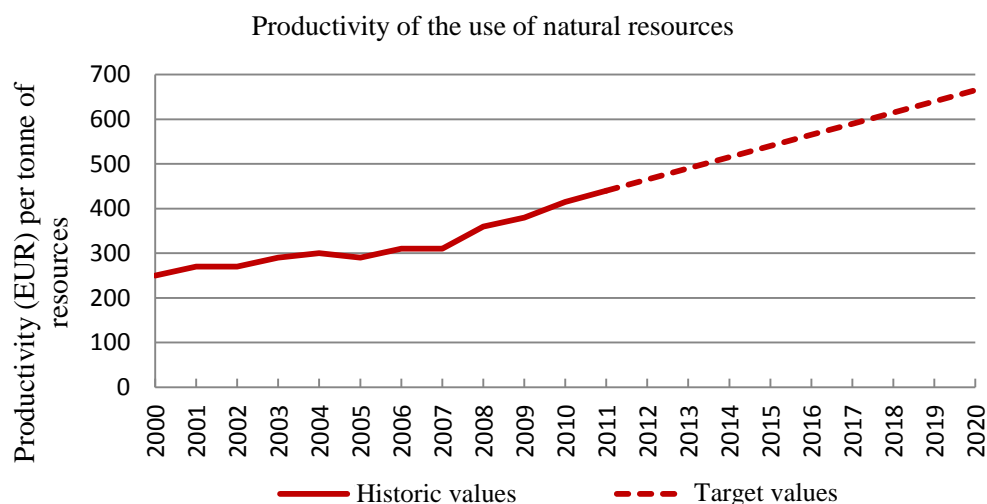
[94] Investment in research and development is an internationally accepted measure for assessing the development of research and innovation and its potential. This index reveals the total annual amount of financing directed towards investment in research and development. As such investment increases, a country’s capacity for innovation and, consequently, its ability to create new products and services, will improve.



Forecasts: CSCC

## [95] Index 5 Productivity of the use of natural resources

[96] The productivity of the use of natural resources reveals the amount of output (products) that can be generated by using one nominal tonne of natural resources (measured in EUR). The higher the output in EUR from each tonne of resources, the more efficient is the use of natural resources.



Source: EUROSTAT  
Forecasts: CSCC

## [97] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[98] Output of the processing industry as a percentage of the GDP	14.1 (2011)	16	18	20	26
[99] Export of goods and services (% of the GDP)	59.3 (2011)	63	66	70	78
[100] Productivity in the processing industry (value added per employee in 2000 comparable prices, in LVL)	7 595 (2011)	8 640	9 780	11 100	16 200
[101] Investment in research and development as a percentage of the GDP	0.6 (2010)	0.8	1.2	1.5	3
[102] Productivity of the use of natural resources (EUR per tonne of resources)	373 (2010)	480	540	600	710

Source: MoE, CSB  
Forecasts: CSCC

## Strategic Objective “Highly Productive Manufacturing and Internationally Competitive Services with Export Potential”

[103] To enable highly productive and internationally competitive manufacturing and services, productivity needs to be increased and a quality transportation infrastructure has to be in place.

[104] The Latvian economy is characterised by a small number of export-capable sectors and low productivity in the processing industry (the average figure for EU Member States is four times that of Latvia). This renders the Latvian economy particularly sensitive to any changes in the external environment, does not provide the necessary stability and sustainability, and prevents the maximum potential of the national economy from being reached. Only an increase in productivity can ensure the approximation of the average standard of living to the EU average.

[105] The improvement of people's well-being can be ensured by raising capital investment (domestic and foreign) in export-capable manufacturing and service sectors, upgrades in production and export growth. As production capable of creating high added value grows, so will the sectors that are directly and indirectly related to it. An increase in the number of jobs will also be mainly secured not only by productive (modernised and automated) industry, but by supporting businesses. With regards to the service sector, its export capacity and international competitiveness need to be promoted, and the know-how and skills in the sectors that have already been significantly contributing to the GDP need to be utilised. Financial services, logistics and transit are sectors in which expertise and adequate human resource potential have been accumulated, and there are geographic and other conditions that enable these industries to retain their export capacity and continued development specifically in Latvia.

[106] It is also necessary to support the introduction of new technologies and the rational use of resources, thus reducing the emission of pollutants by the energy, manufacturing, transport and agricultural sectors, as well as by households.

### [107] Goals and Outcomes for the Strategic Objective

#### [108] Goal 1

In 2020, at least 35% of the investment will be directed towards the formation of productive capital (gross equity capital) in export capable sectors.

#### [109] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[110] Formation of gross equity capital in the processing industry (annual non-financial investment, million LVL)	281 (2010)	350	450	650	950
[111] Foreign direct investment in the processing industry (percentage of all incoming foreign direct investment)	14 (2011)	15	17	20	26

Source: MoE, CSB  
Forecasts: CSCC

#### [112] Goal 2

Due to the focus of foreign direct investments on “marketable” (goods and services) sectors, the export growth in the period from 2014 to 2020 will constitute at least 40%

#### [113] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[114] Foreign direct investment in “marketable” sectors (percentage of all incoming foreign direct investment)	59.3 (2011)	62	64	66	>75
[115] Share of exports in the high-tech sectors in the total annual exports (%)	4.2 (2006)	6	8	11	>15

Source: MoE, CSB

Forecasts: CSCC

### [116] Goal 3

Development of commercial creative industries

#### [117] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[118] Share of creative industry exports in the total exports (%)	1.09 (2009)	1.2	1.4	1.6	3
[119] Proportion of businesses operating in the culture and creative sectors in the total number of businesses (%)	6	6.5	7	7.5	12

Source: MoC, MoE, CSB

Forecasts: CSCC

### [120] Goal 4

Limit pollution and greenhouse gas emissions into the environment in order to respect the goals of sustainable development (by reducing the emission of pollutants and the amount of waste produced by the energy, industry, transportation, agricultural and fisheries sectors and households)

#### [121] Measurable Outcomes for the Goal

	Air pollutant	Base value (2010)	2014	2017	2020	2030
[122] Total national emissions of air pollutants: nitrogen oxide, ammonia, volatile organic compounds and solid particles	NO <sub>x</sub>	34	32	29	25	20
	SO <sub>2</sub>	3.1	3.5	4.8	6.2	7.1
	PM <sub>2,5</sub>	27	26	25	23	20
	GOS	65	62	58	53	49
	NH <sub>3</sub>	17	17	16.5	16	15

Source: MoEPRD, CSB

Forecasts: MoEPRD

#### [123] Individual measures to be carried out within the Strategic Objective

No	Definition of the measure	Responsible institutions	Indicative sources of financing
1.	[124] Improve the system of tax incentives to support new product development and the raising of investments towards increasing	MoF (MoT, MoE, local governments)	Cohesion Policy funds, state budget, private

	the competitiveness of businesses, including promotion of business activity in special economic zones and free port areas.  [Target area: entire Latvia]		funding
2.	[125] Support to exporting manufacturers and exporting service providers towards equipment purchases and upgrades to produce goods or services for export and towards the research and development of new products: equipment purchases, renovation of facilities, construction, etc.  [Target area: entire Latvia]	MoA (MoH, MoE, MoC, MoEPRD)	Common Agricultural Policy and Common Fisheries Policy funds, private funding
3.	[126] Support to manufacturing businesses and service providers towards improving energy efficiency.  [Target area: entire Latvia]	MoE (MoA, MoC)	Cohesion Policy funds, state budget funding
4.	[127] Programme for the improvement of the national and local government infrastructure (industrial infrastructure interfaces) for the purpose of raising large-scale private investment  [Target area: entire Latvia]	MoE (MoT, MoEPRD, MoA, local governments)	Cohesion Policy funds, private funding
5.	[128] Establishment of a single national development finance institution comprising all the financial assistance instruments offered by the state (for financing business start-ups, providing state export guarantees, providing venture capital, for investment projects for manufacturing and export businesses, for the development of micro, small and medium enterprises, including investment in research and development, promotion of agriculture and rural development, promotion of environmental protection and energy efficiency, etc.)  [Target area: Riga, with activity throughout Latvia]	MoF (MoE, MoEPRD, MoA)	Cohesion Policy funds, state budget, private funding
6.	[129] Strengthening of the representation of Latvia's economic interests abroad and opening of new embassies based on an assessment of prospects of attracting investment and export potential, support towards increasing the export volume  [Target area: worldwide]	MoFA (MoE, MoA)	Cohesion Policy funds, state budget, private funding
7.	[130] Continuous training for entrepreneurs	MoE (MoFA,	Cohesion and



	concerning the possibilities of improving the competitiveness of businesses (in particular, on the optimisation of processes, efficient use of resources, use of ICT) as well as to improve the qualification of the management and staff of businesses and promote the introduction of more efficient organisational and manufacturing processes, management methods and business models  [Target area: entire Latvia]	MoA, MoT, MoH, MoES, MoC, social partners, NGOs)	Common Agricultural Policy funds, state budget financing and private funding
<b>8.</b>	[131] Continuous training and advice concerning the possibilities and procedures of establishing new businesses, aimed at promoting business development  [Target area: entire Latvia]	MoE (MoA, MoC, social partners, NGOs)	Cohesion and Common Agricultural Policy funds, state budget financing
<b>9.</b>	[132] Creation of export-oriented tourism products by taking advantage of the unique nature and the cultural and historical heritage of the regions, the infrastructure in place in the regions and the potential of resort services  [Target area: entire Latvia]	MoE (MoA, MoC, MoH, MoES, MoEPRD, local governments)	Cohesion Policy funds, state budget financing and private funding
<b>10.</b>	[133] By developing a specialised assistance instrument, support the creative industry to develop culture-based investment and promote partnerships between culture, science and business in boosting the export capacity of businesses in the creative industries (including the audiovisual sector) and the international competitiveness of the country  [Target area: entire Latvia]	MoC (MoE, MoEPRD, NGOs)	Cohesion Policy funds, state budget financing
<b>11.</b>	[134] Support for design projects of the creative industries that ensure the development of new products for export and their implementation in production  [Target area: entire Latvia]	MoC (MoE)	Cohesion Policy funds, state budget financing
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>766.7</b>

## Strategic Objective “Outstanding Business Environment”

[135] An outstanding business environment includes a coherent regulatory framework, the operation of a stable state support and monitoring system, public services oriented towards the needs of businesses, clear and competitive environment for the start-up and development of

business activity so that anyone willing to do so could establish a business, work and live in Latvia.

[136] An outstanding business environment promotes the development of businesses, attracts new companies and investments and involves the population as workforce and new employers. A clear and comprehensible business environment serves as a guarantee of fairly earned pay for every person and revenue for the state. Under such conditions, businesses recognise the importance of corporate social responsibility and operate in a responsible manner towards society and the environment.

[137] Competition for investment is intensifying globally, and a business environment offering competition on equal terms with minimal distortion due to the grey economy and corruption plays an increasingly important role in decision-making. An outstanding business environment must be internationally accessible.

### [138] Goals and Outcomes for the Strategic Objective

[139] **Goal 1** Creation of an outstanding business environment through an optimal reduction of red tape, the share of the grey economy in the national economy and corruption thus ensuring a predictable tax policy, improving the operation of the judicial system and increasing the efficiency of state administration.

### [140] Measurable Outcomes for the Goal

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[141] Number of economically active commercial companies	65 629 (2010)	67 000	75 000	80 000	90 000
[142] Length of the adjudication of civil cases under action filing procedures not exceeding 12 months in all the courts of the first instance (% of all matters)	73.2 (2011)	80	85	92	96
[143] Latvia's position in the Doing Business Index	21 (2011)	20	17	13	11
[144] Latvia's position in the Global Competitiveness Index	64 (2011)	60	53	45	<40
[145] Efficiency of Latvia's public administration based on the GRICS index (%)	71.5 (2011)	75	80	85	>95
[146] Corruption Perception Index of Latvia	4.2 (2011)	4.6	5.2	5.8	6.2

Source: MoJ, CPCB, CSB

Forecasts: CSCC

### [147] Goal 2

Ensure the international accessibility of Latvia

### [148] Measurable Outcomes for the Goal

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[149] Cargo turnover in the major ports	67.4	80	98	116	>140

of Latvia (Riga, Ventspils, Liepāja), million tonnes/year	(2011)				
[150] Number of air passengers served at the Riga International Airport, million per year	5.10 (2011)	5.9	7.3	8.5	12
[151] Number of international rail passengers, thousand per year	338 (2010)	347	353	360	2 308
[152] Number of passengers served at the Port of Riga, thousand per year	764 (2010)	900	1 050	1 150	>1 500

Source: MoT, CSB

Forecasts: CSCC

### [153] Individual measures to be carried out within the Strategic Objective

No	Definition of the measure	Responsible institutions	Indicative sources of financing
1.	[154] Methodical, comprehensive and sound development of human resources and state-provided services by ensuring the improvement of the necessary competencies and cooperation mechanisms aimed at the improvement of the efficiency and quality of public administration; improvement of the quality of regulatory enactments and testing of provisions to prevent the imposition of inadequately strict requirements and their adoption into the national legislation, thus reducing administrative burden as much as possible.  [Target area: entire Latvia]	SCh, MoJ (all ministries, CSCC, local governments, social partners, NGOs)	Cohesion Policy funds, state budget funding
2.	[155] Reduction of the administrative burden on businesses by simplifying administrative requirements and eliminating overlapping, which includes introducing the principle of one stop agencies for services, by using modern technologies for the provision of remote services.  [Target area: entire Latvia]	MoE (MoEPRD, SCh, MoJ, MoT, local governments, social partners, NGOs)	Cohesion Policy funds, state budget funding
3.	[156] Gradual transfer of the tax burden from labour to consumption and a gradual reduction of personal income tax in compliance with the schedule approved by the Cabinet of Ministers (government)  [Target area: entire Latvia]	MoF	State budget funding
4.	[157] Radical action in combating the grey economy: improved cooperation of controlling institutions, including in the field of public procurement, capacity-building and responsive action in	MoF (MoH, MoW, MoES, MoA, MoI, social partners, NGOs, local	State budget funding

	<p>identifying and preventing new grey economy risks, enhancing public understanding regarding the impact of the grey economy on the quality of life</p> <p>[Target area: entire Latvia]</p>	governments)	
<b>5.</b>	<p>[158] Improvement of the operation and processes and capacity-building of the court system and law enforcement institutions (State Prosecutor’s Office, CPCB), including ensuring the creation of a business- and investment-friendly judicial environment in Latvia. Improvement of the material provision and analytical base of investigative and operational institutions, facilitation of the capacity for international collaboration.</p> <p>[Target area: entire Latvia]</p>	MoJ (MoE, social partners, NGOs)	Cohesion Policy funds, state budget funding
<b>6.</b>	<p>[159] Reorganisation of the arbitration court system aimed at putting in place an internationally recognised, reliable and efficient mechanism for the resolution of economic disputes, by stipulating certain qualifying requirements for the founders of arbitration courts and arbitration judges and requiring accountability for lawful arbitration proceedings and monitoring procedures</p> <p>[Target area: entire Latvia]</p>	MoJ	Funding by service recipients
<b>7.</b>	<p>[160] Improvement of the system for the protection of intellectual property rights</p> <p>[Target area: entire Latvia]</p>	MoJ (MoC, MoE, MoI, MoA, MoES, MoF, social partners, NGOs)	Cohesion Policy funds, state budget funding
<b>8.</b>	<p>[161] Establish a single system for the promotion of the country’s image, preventing an overlapping of functions</p> <p>[Target area: entire Latvia]</p>	SCh (MoE, MoFA)	Basic budget financing of state institutions
<b>9.</b>	<p>[162] Increasing the efficiency and return from the port governance system; making the required investment in the improvement of the basic infrastructure of Latvian ports (Riga, Ventspils, Liepāja) and their increased capacity (ensuring TEN-T)</p> <p>[Target area: Riga, Ventspils, Liepāja]</p>	MoT (MoE, MoF, MoA, MoD, local governments)	Cohesion and Common Fisheries Policy funds, state budget financing and private funding
<b>10.</b>	<p>[163] Development of the technical</p>	MoT	European Union

	documentation of the Latvian section of Rail Baltica and commencement of the construction through integration in the common Rail Baltica project (ensuring TEN-T)  [Target area: entire Latvia]		budget instruments, state budget
<b>11.</b>	[164] Refurbishment and upgrading of the East–West railway infrastructure (ensuring TEN-T)  [Target area: entire Latvia]	MoT	Cohesion Policy funds, European Union budget instruments, state budget
<b>12.</b>	[165] Development of the Riga International Airport to support the existing and projected volume of air cargo and passenger traffic and the growing the transit flow (ensuring TEN-T)  [Target area: Riga region]	MoT	Cohesion Policy funds, state budget funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>1 236.24</b>

## Strategic Objective “Advanced Research and Innovation and Higher Education”

[166] Well-developed research and innovation that has been successfully commercialised enables a country to manufacture products that can be exported and provides internationally competitive services. Research and innovation can facilitate greater productivity that is not associated with a reduction in labour costs.

[167] The main challenges to more investment in research and development include a shortage of employees in science and research, a poorly developed and fragmented science and research infrastructure, the low number of laboratories with up-to-date equipment for the implementation of projects with a technological orientation, a poor potential of the commercialisation of research results and unsatisfactory collaboration between the science and business sectors, including cooperation among the Baltic countries. In science and research, cooperation among parties is crucial, and there is a need for the creation of larger and, consequently, more competent and robust associations, thus inducing joint and private-sector investment in research and development.

[168] Latvia is a country with a small and open economy, and its business structure consists mostly of micro, small and medium enterprises that do not have sufficient capacity to invest in research and development, which is why the high-tech sector is poorly developed. This signals an insufficient capacity for absorption of investment. To ensure that those operating in the private sector are able to use the innovations created by researchers in the national economy, it is necessary to establish a culture of innovation that is supported by a specially tailored and effective system of innovation that comprises and integrates legislative, educational, scientific, research-related and financial conditions for a successful commercialisation of research results and a continuous collaboration between science and industry sectors, and one that secures an increase in private investment in science and research funding.

**[169] Goals and Outcomes for the Strategic Objective****[170] Goal 1**

Increase investment in research and development to 1.5% of the gross domestic product in 2020, with targeted efforts to attract human resources, develop innovative ideas, improve the research infrastructure, facilitate cooperation between higher education, science and the private sector, as well as the transfer of research and innovation to business

**[171] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[172] Private sector investment in research and development in 2020 reaches at least 48% of the total investment in research and development (private sector investment in research and development, as a percentage of the total investment)	37 (2010)	42	46	48	51
[173] Number of researchers employed in the private sector, as a percentage of the total, full-time equivalent	16.2 (2010)	18	21	23	27
[174] Number of students obtaining degrees or qualifications at universities and colleges, thousands	24.8 (2011)	23.9	24.1	24.6	28.6
[175] Higher education (percentage of the population aged 30 to 34 with higher education)	36 (2012)	37	38	40	>40
[176] European patents granted, applied for by researchers residing in Latvia	11 (2011)	13	18	26	35

Source: MoES, CSB  
Forecasts: MoES, CSCC

**[177] Goal 2**

Through the commercialisation of knowledge, promote the creation of innovative and internationally competitive products with high added value as well as their introduction into production, increasing the share of output of such products in the national economy

**[178] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[179] Turnover of innovative products (as a percentage of the total turnover)	5.9 (2008)	8	9	11	>14
[180] Proportion of innovative businesses (as a percentage of all companies)	20.1 (2008)	22	25	30	>40

Source: MoE, MoES, CSB  
Forecasts: CSCC

**[181] Individual measures to be carried out within the Strategic Objective**

<b>No</b>	<b>Definition of the measure</b>	<b>Responsible institutions</b>	<b>Indicative sources of</b>
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			<b>financing</b>
<b>1.</b>	[182] Qualitative and quantitative renewal of science, including involving state scientific institutes in the training of doctoral students, involving young scientists in research and scientific activities and the mobility of academic and research staff to promote the development of projects suitable for commercialisation in Latvia.  [Target area: entire Latvia]	MoES (MoA, MoE, MoC, MoH)	Cohesion Policy funds, private and state budget funding
<b>2.</b>	[183] Implementation of fundamental and applied research projects, particularly in the priority research fields (including innovative materials and technologies, sustainable use of local resources, Latvian studies and national identity, energy and the environment, public health) and with results suitable for commercialisation; national-level modernisation of the infrastructure and strengthening of the human resources of research and technology transfer  [Target area: entire Latvia]	MoES (MoE, MoA, MoC, MoH, MoEPRD)	Cohesion Policy funds, private funding
<b>3.</b>	[184] Ensuring access to higher education  [Target area: entire Latvia]	MoES (MoE, MoA, MoC, MoH)	Cohesion Policy funds, state budget, private funding
<b>4.</b>	[185] Development of private sector (including state and local government capital companies) capacity for research and innovation, support for the creation of new, applicable and export-capable products or services  [Target area: entire Latvia]	MoE (MoES, MoA, MoC, MoH, social partners, NGOs)	Cohesion Policy funds, state budget, private funding
<b>5.</b>	[186] Attain more efficient collaboration between the science and industrial sectors by improving the existing, and creating new forms of long-term partnership between researchers and companies, by establishing a uniform system for the transfer of research results, including improvement and development of the innovation support infrastructure  [Target area: territories of the national and regional development centres]	MoE (MoES, MoA, MoEPRD, MoC, MoH, social partners, NGOs)	Cohesion Policy funds, state budget funding
<b>6.</b>	[187] Establishment and development of a	MoES (MoE,	European



	cooperation platform for higher education, science and the private sector of the Baltic countries in the following areas: (1) biopharmaceutics and organic chemistry, (2) nano-structured materials and high-energy radiation, (3) smart technologies and engineering  [Target area: entire Latvia]	MoA, MoH, social partners, NGOs, local governments)	Union budget instruments, the state budget and private funding
7.	[188] Development of language technologies  [Target area: entire Latvia]	MoC	Cohesion Policy funds, state budget, private funding
8.	[189] Measures to support higher education export (combining of outstanding programmes and creation of joint programmes in other EU languages in no fewer than 10 fields of study; international publicity of the programmes and development of support centres for foreign students; recruitment of foreign instructors)  [Target area: entire Latvia]	MoES (MoC, MoH, MoA, MoE, social partners, NGOs)	Cohesion Policy funds, state budget funding
9.	[190] Competitiveness and consolidation of higher education, development of material and technological provision (equipment), improvement of the internal quality system, encouraging a higher rate of scientific publication by university staff, launching of international journals, increased effectiveness of the governance system  [Target area: entire Latvia]	MoES (MoA, MoC, MoH, social partners, NGOs)	Cohesion Policy funds, state budget, private funding
<b>Total indicative funding available for the Implementation of the Strategic Objective, in million LVL:</b>			<b>1 021.82</b>

## Strategic Objective “Energy Efficiency and Energy Production”

[191] Energy has now become one of the essential factors in ensuring the competitiveness and independence of the national economy. Latvia is rich in renewable energy resources that are currently under-used for energy production in the country. That is why this Strategic Objective provides for the promotion of the use of indigenous energy resources for energy production. This of course does not imply giving up imported energy resources at once, but it does contribute to a more balanced Energy Mix.

[192] Energy must be used efficiently. Therefore, this Strategic Objective provides for measures to improve energy efficiency, which is an important tool in promoting competitiveness. The improvement of energy efficiency is of primary importance in the manufacturing sector. At the same time, the greater energy efficiency of public and residential buildings needs to be encouraged.



**[193] Goals and Outcomes for the Strategic Objective****[194] Goal 1**

Ensure the sustainable use of the energy resources required by the national economy by promoting the availability of a market for the resources, a decrease of the energy intensity and emission intensity in certain sectors, and an increase of the proportion of renewable energy resources in the total consumption, while focusing on competitive energy prices

**[195] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[196] The proportion of energy produced from renewable energy resources in the total gross energy consumption reaching at least 40% in 2020	34.3 (2009)	35	37	40	-
[197] Energy consumption towards generating the GDP (in kg of petroleum equivalent per EUR 1 000 of the GDP)	372.9 (2010)	350	320	280	<150
[198] Energy dependence: net energy resource imports/gross domestic energy consumption, plus bunkering (%)	41.6 (2010)	42.4	43.2	44.1	<50
[199] Intensity of greenhouse gas emissions in the economy (tonnes of CO <sub>2</sub> equivalent per LVL 1 000 of the GDP)	1.69	1.48	1.30	1.13	1.07

Source: MoEPRD, MoE, CSB

Forecasts: MoEPRD, MoE

**[200] Individual measures to be carried out within the Strategic Objective**

<b>No</b>	<b>Definition of the measure</b>	<b>Responsible institutions</b>	<b>Indicative sources of financing</b>
<b>1.</b>	[201] Development of local government energy plans providing for complex measures to promote energy efficiency and transition to renewable energy resources  [Target area: entire Latvia]	MoE (MoEPRD, local governments)	Cohesion Policy funds, state budget, private funding
<b>2.</b>	[202] Energy efficiency programmes in the sector of state and local government public buildings  [Target area: entire Latvia]	MoE (all ministries, local governments)	Cohesion Policy funds, state budget and local government funding
<b>3.</b>	[203] Support programmes for the energy efficiency of residential buildings and transition to renewable energy resources  [Target area: entire Latvia]	MoE (MoEPRD, local governments)	Cohesion Policy funds, private funding
<b>4.</b>	[204] Support to innovative energy sector and energy efficiency technology projects  [Target area: entire Latvia]	MoE (MoEPRD, MoA, MoES)	Cohesion Policy funds, foreign financial instruments and

			private funding
5.	[205] Support programmes for transition to renewable energy resources in the transportation sector and provision of the required infrastructure through assistance only for those alternative energy resources that are economically advantageous, and by supporting innovation resulting in the promotion of the use of economically advantageous alternative energy resources [Target area: entire Latvia]	MoE (MoT, MoEPRD, MoA)	Cohesion Policy funds, private funding
6.	[206] Use of renewable energy resources in energy production, reducing dependence on fossil fuels, and promotion of energy efficiency in centralised heat supply [Target area: entire Latvia]	MoE (MoEPRD, MoA, local governments)	Cohesion Policy funds, private funding
7	[207] Development of energy infrastructure grids [Target area: entire Latvia]	MoE (MoT, MoEPRD)	European Union budget instruments, private funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>870.9</b>

## Priority “Human Securability” (a form of resilience)

### *Why “Human Securability”?*

*[208] We can make predictions, but we can never know for certain what conditions will affect the development of Latvia and its residents. Latvia is an open economy that is increasingly exposed to a globalised world. This means that it is important for the country to strengthen human securability – or the people’s ability to adapt to changing conditions.*

*[209] An individual with sufficient securability can find solutions in the face of development challenges not only for him- or herself and the next of kin, but also fully engage society. An individual with low securability is blind to growth opportunities, feels threatened, distrusts others, does not perceive his or her connection to the country nor participates in its processes.*

*[210] We realise that historic experience, the stratification of society and crisis conditions have had an adverse impact on the securability of many people. It is therefore up to the state to create conditions for strengthening it.*

[211] We need to create conditions for strengthening the securability of each resident of Latvia, so as to allow the society as a whole to benefit from the growth of the national economy and to be prepared for future challenges. To this end, the national government acts to:

- **strengthen the middle class:**<sup>2</sup> income increases and inequality among households decreases, expanding the ability of people to take care of their own health and education as well as that of their families as well as increasing opportunities for a more active participation in cultural activities, civil society and political life;
- **positively impact demography**, so that economic growth in Latvia creates conditions whereby the birth of children is welcome and where parents are able to provide them with care and development perspectives, where it is possible to find employment and self-improvement, so that the human life expectancy in the country increases and so does the length of the healthy lifetime, with good working ability and quality of life remaining intact.

### **[212] How can human securability be strengthened?**

- By creating opportunities for decent employment with sufficient remuneration that matches the competencies, which would facilitate the professional and personal development of each individual.
- By shaping an environment that encourages the conception of children and builds a sense of security from very early on.
- By providing opportunities to develop competencies by way of quality formal education, as well as outside the formal education system, throughout the lifetime – so as to allow us to identify and implement solutions under any conditions.
- By encouraging a healthy lifestyle as the basis for the quality and longer duration of life.
- By promoting the capacity of the society to cooperate through networking, rooted in our inherited, learned and newly created cultural values.
- By increasing the sense of belonging to Latvia so that all the people of Latvia including those who have left the country take pride in Latvia.

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<sup>2</sup>Belonging to the middle class is understood here as the sense of security that is created by a decrease of income inequality and the sufficiency of income.

[213] The government and society work together to create conditions for strengthening human securitability. Individuals, the state, local governments and civil society implement the necessary steps. Strengthening human securitability contributes to inclusive future growth and significantly reduces the need to address the consequences of low securitability that are painful for society and considerably more expensive for the government at a later stage.

**[214] Goal of the Priority**

**[215] Goal 1**

To create a strong middle class and ensure demographic growth in Latvia: a country where everyone is empowered to secure his or her own development and the development of his or her family and the country.

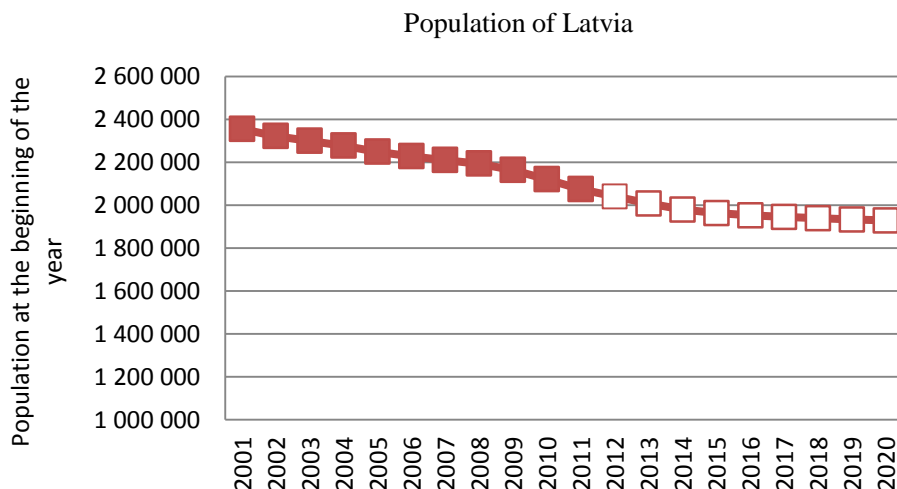
**[216] Priority Strategic Objectives**

- Strategic Objective** “Decent Work”
- Strategic Objective** “Stability for Demographic Growth”
- Strategic Objective** “Development of Competencies”
- Strategic Objective** “Healthy and Fit for Work”
- Strategic Objective** “Belonging to Latvia: Cooperation and Culture”

**[217] Measurable Outcomes for the Priority Goal**

**[218] Index 1** Population, in absolute figures

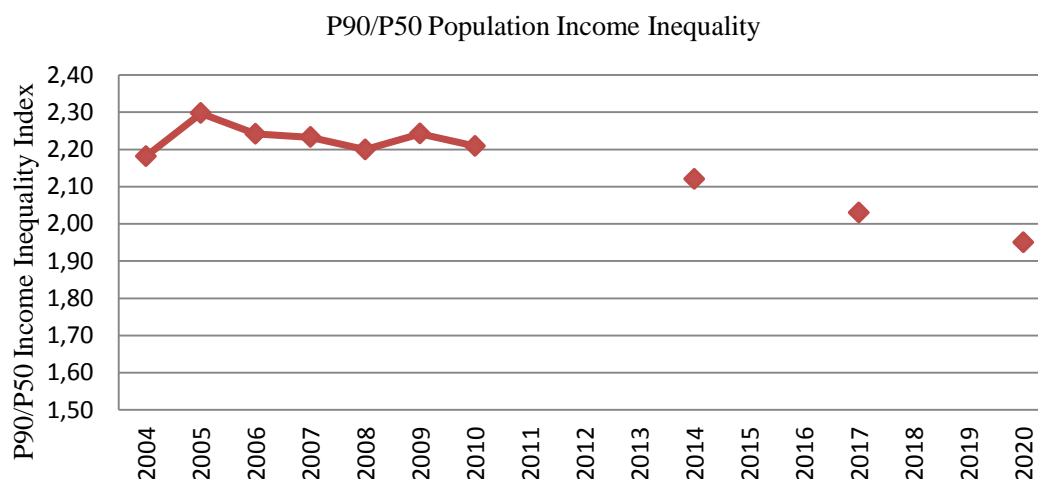
[219] The information on the changes in the population level comprises data on births and deaths, registered immigration and estimated emigration. This indicator is also affected by the implementation of the measures proposed under Priority “Growth of the National Economy”, which will result in new jobs, higher productivity and, accordingly, the average remuneration in the economy. Just as emigration is largely a function of a shortage of employment and the prospects of earning a more satisfactory income abroad from performing equivalent or even lower-skilled work, re-emigration and the birth rate are also to a great extent linked to the availability of jobs and adequate pay that would reasonably cover the everyday household expenses.



Source: CSB  
Forecasts: CSCC

**[220] Index 2** P90/P50 income share ratio

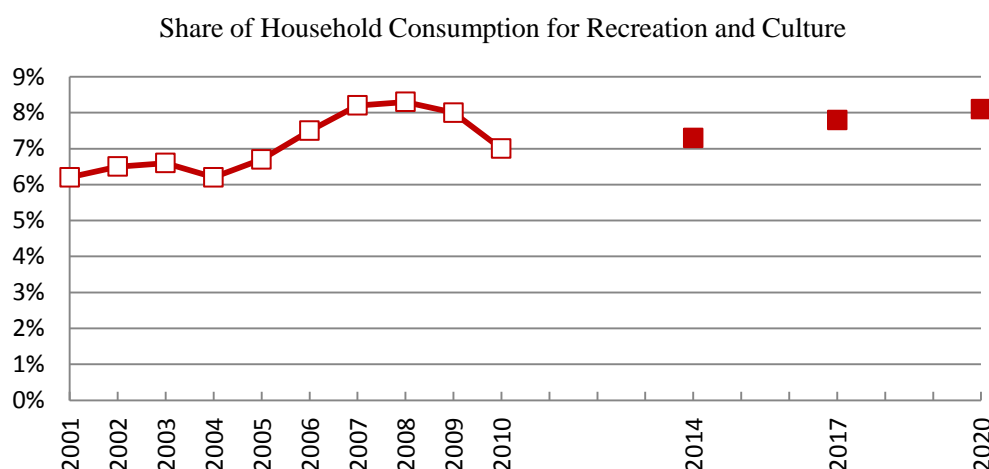
[221] The dynamics of this index show trends in the development of the middle class. This indicator reflects the ratio between the income received by the 10% of households with the highest income (ninth decile) to the average level of income, expressed as the median (the central value of the income distribution). This index should be analysed in conjunction with the P50/P10 income inequality ratio, which helps to understand the sources of formation of the middle class.



Source: EU–SILC (Statistics on Income and Living Conditions)  
Forecasts: CSCC

**[222] Index 3** Share of consumption for recreation and culture as a percentage of the total household expenditure for consumption

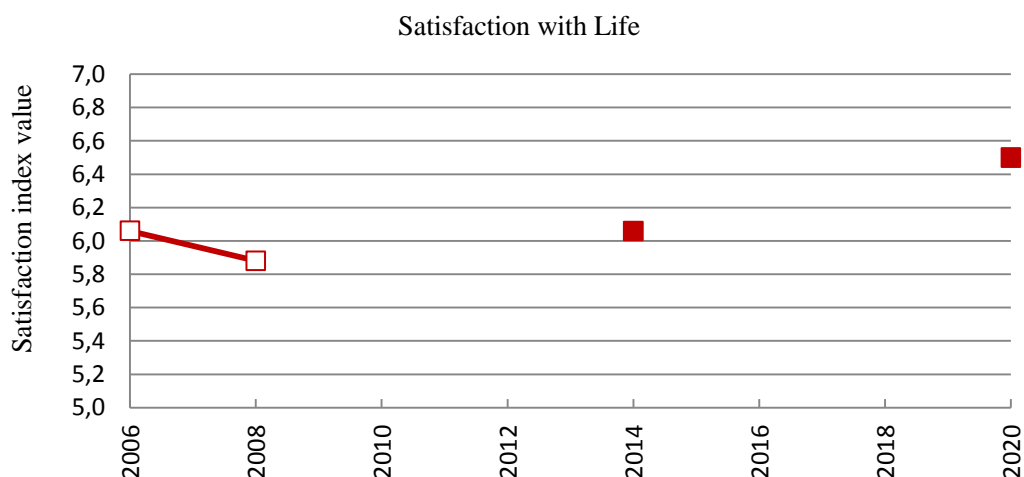
[223] Household expenditure relating to securitability relates to both basic needs such as food, clothing, housing, health, education, etc. An increase in the ratio of household expenses for recreation and culture signals a certain level of well-being and belonging to the cultural space of Latvia.



Source: CSB  
Forecasts: CSCC

**[224] Index 4 Satisfaction with life**

[225] A high level of satisfaction with life is related to high human securitability which is promoted by stability in childhood, competencies, the ability to cooperate and trust other people and the state. Greater securitability of the population leads to improved satisfaction with life.



Source: CSB, European Social Survey  
Forecasts: CSCC

**[226] Measurable Outcomes for the Goal**

	Base value (year)	2014	2017	2020	2030
[227] Population at the beginning of each year, in absolute figures	2.042 (2012)	1.98	1.94	1.93	–
[228] P90/P50 income share ratio	2.21 (2012)	2.12	2.03	1.95	–
[229] Share of consumption for recreation and culture as a percentage of the total household expenditure for consumption (%)	7 (2010)	7.3	7.8	8.1	–
[230] Satisfaction with life index	5.88 (2008)	6.06	–	6.5	–

Source: CSB, European Social Survey  
Forecasts: CSCC

**Strategic Objective “Decent Work”**

[231] In countries with less inequality in household income (or greater income equality), there is less social tension, the trust level in others is higher, the physical and mental health of the

population is better, educational achievement is higher, and there is higher mobility and less crime<sup>3</sup>.

[232] Decent and dignified employment provides sufficient remuneration that is adequate relative to the skills and productivity, job security and social protection for the family, better prospects for personal growth and social integration, freedom to express one's interests, to enter associations and participate in the decision-making.<sup>4</sup> Decent work provides an opportunity to earn sufficient income for oneself and one's family and to improve one's qualifications to secure continuous well-being and to be able to adapt to changes in the labour market.

[233] In order to reduce the income gap and poverty, the state promotes national economic development, employment of the population and concerns itself with improving labour productivity.<sup>5</sup> The reduction of the tax burden on low-income employees will ensure the capacity to act for those who are gainfully employed and yet cannot provide for their basic needs. However, the employee income level is improved not only by supportive state policies and local government initiatives, but also by the ability and willingness of employers to pay adequate and fair wages and meet all tax obligations.

[234] Everyone has the right to be active and to participate in their own development, as well as that of society and Latvia as a whole. Latvia also releases the potential of those people who have lived in social care institutions by offering alternative forms of care that enable one to pursue decent employment in the broader sense of the word: to give and to share with others and to work to one's own ability. Special focus should be on the needs of disabled individuals as one of social groups facing the greatest degree of exclusion: their greater integration into society more generally and, specifically, in the labour market.

### [235] Goals and Outcomes for the Strategic Objective

#### [236] Goal 1

Implement measures to raise the standard of living of employed persons by reducing the proportion of employees exposed to the risk of poverty in the 18 to 64 age group from 9.5% in 2010 to 5% in 2020.

#### [237] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[238] Poverty risk index for workers in the 18 to 64 age group	9.5 (2010)	8	6.5	5	–
[239] Changes in the real remuneration of employed persons, as a percentage vs. the preceding year	100 (2011)	106	106	108	–
[240] Economic stress index (measures financial insecurity based on complex criteria)	65.8 (2010)	55	49	42	–

<sup>3</sup> R. Vilkinsons, K. Piketa, *Līmeņrādis*, Riga: Zvaigzne ABC, 2011, 331 pp. [Richard Wilkinson and Kate Pickett, *The Spirit Level*]

<sup>4</sup> "Decent work" is a concept of the International Labour Organization (ILO) and one of the Millennium Development Goals

<sup>5</sup> The poverty risk of unemployed persons has increased from 48% in 2009 to 50% in 2010; as regards those in full-time employment, the poverty risk has decreased from 8.2% to 7.8%, respectively; and as regards part-time workers, it climbed from 23% in 2009 to 25% in 2010. Source: Republic of Latvia, Central Statistical Bureau, 2012

Source: CSB  
Forecasts: CSCC

**[241] Goal 2**

Increase employment in the 20 to 64 age group from 67% in 2011 to 73% in 2020

**[242] Measurable Outcomes for the Goal**

	Base value (year)	2014	2017	2020	2030
[243] Rate of employment in the 20 to 64 age group (%)	67 (2011)	69.6	72	73	>75

Source: CSB  
Forecast: CSCC

**[244] Individual measures to be carried out within the Strategic Objective**

No	Definition of the measure	Responsible institutions	Indicative sources of financing
1.	[245] Decrease the burden of workforce taxes, giving priority to people with low income  [Target area: entire Latvia]	MoF (MoW)	Amendments to the state budget
2.	[246] Implementation of pre-emptive changes in the labour market and development of an employment barometer (a tool that monitors trends in the labour market and forecasts developments based on an analysis of the dynamics of supply and demand in the labour market)  [Target area: entire Latvia]	MoW (MoE, MoES, MoH, social partners, NGOs)	Cohesion Policy funds, state budget funding
3.	[247] Promotion of registered employment and socially responsible business, including elimination of hidden forms of employment, improvements in the workplace by strengthening the capacity of the Labour Inspectorate and the monitoring system, social dialogue, awareness-raising campaigns and support for the training of businesses and employees (including on various types of employment, matters relating to age diversity and workplace suitability). Involvement of the public in addressing social issues through facilitating the establishment and operation of	MoW (MoE, MoES, MoF, MoJ, local governments, social partners, NGOs)	Cohesion Policy funds, state budget funding



	social enterprises [Target area: entire Latvia]		
4.	[248] Promotion of youth employment, including (a) a careers education system; (b) integration of young people into the labour market following the completion of vocational or higher education, including business start-ups; (c) support measures for unemployed youth to obtain first work experience; (d) improvement of the infrastructure and facilities of vocational education institutions [Target area: entire Latvia]	MoW (MoES, MoE, MoA, MoC, SIF, local governments, social partners, NGOs)	Cohesion Policy funds, state budget funding
5.	[249] Promotion of competitiveness and access to the labour market for residents subject to the risk of social exclusion and unemployed persons by providing access to current motivational, skill improvement, competency building, educational and social support services (including temporary employment opportunities) [Target area: entire Latvia]	MoW (MoES, MoJ, MoE, local governments, NGOs, social partners)	Cohesion Policy funds, state budget funding
6.	[250] Diversification of forms of social care and social rehabilitation [Target area: entire Latvia]	MoW (MoH, MoES, MoE, SIF, local governments, social partners, NGOs)	Cohesion Policy funds, state budget, private funding
7.	[251] Implementation of measures to re-socialise prison inmates and those who have served a sentence into society and the labour market [Target area: entire Latvia]	MoJ (MoW, NGOs)	Cohesion Policy funds, state budget funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>398.07</b>

### Strategic Objective “Stability for Demographic Growth”

[252] Strong and stable families are the foundation of a national state and a nation. These can exist if beneficial conditions are provided for an increase in the birth rate, support to parents, conceiving or adopting the second and the third child and strengthening of the child’s sense of security. When deciding on having a child, parents need to have confidence in their ability to

secure the child’s development. Therefore, to encourage people to want to have children, the state has to ensure a growth of the national economy that allows one to earn a sufficient income and create an environment that supports a reconciliation of family, educational and professional life.

[253] Psychological stability during childhood creates self-assurance, the ability to trust and cooperate with others. It is crucial to ensure that parents are given the opportunity to acquire knowledge on child-rearing, relationship-building and conflict resolution, which would also mitigate the risks of violence, addiction and other risks of inadequate behaviours. In order to provide everyone with a stable basis for development from an early age, it is important to prevent violence in the family and at school, provide assistance in crisis situations and create a family-like environment for those who have never experienced it, as well as support opportunities for children to integrate into the school environment and society at large. This also pertains to those minors who are in danger of becoming exposed to the criminal world or who have broken the law. A contribution to strengthening families is a contribution to children’s safety. This is the foundation of Latvia’s future growth.

#### [254] Goals and Outcomes for the Strategic Objective

##### [255] Goal 1

By implementing a comprehensive support system for families, ensure that more children are born every year compared with the year before

##### [256] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[257] Number of newborn children	18 825 (2011)	23 000 (21 300)*	27 000 (25 300)*	28 000 (24 000)*	–
[258] Share of the population living in families with two or more minor children (%)	15.7 (2011)	17.5	19.0	22.0	–

Source: CSB, EU-SILC

Forecasts: Preferable scenario forecast \*(CSCC projection)

##### [259] Goal 2

Ensure that children live in a favourable family or family-like environment and reduce family violence

##### [260] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[261] Number of children placed in out-of-family care vs. the total number of minors in the country (%)	2.31 (2011)	≤2.2	≤2.1	≤2.0	≤1.7
[262] Number of children living with guardians or in foster families (a family environment) vs. the total number of children placed in out-of-family care (%)	77.8 (2011)	>80%	>82%	>85%	>90%

Source: MoW

Forecasts: MoW

**[263] Goal 3**

By way of a comprehensive family support system that encourages a reconciliation of professional and family life, reduce the poverty risk of children from 25% in 2010 to 20% in 2020<sup>6</sup>

**[264] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[265] Poverty risk index for single-parent families	39 (2010)	37	34	30	–
[266] Poverty risk index for households consisting of two adults and three or more dependent children	37 (2010)	34	30	27	–
[267] Poverty risk index for all children (aged 0–17)	24.8 (2010)	24	22	19	–

Source: CSB

Forecasts: CSCC

**[268] Individual measures to be carried out within the Strategic Objective**

<b>No</b>	<b>Definition of the measure</b>	<b>Responsible institutions</b>	<b>Indicative sources of financing</b>
<b>1.</b>	[269] Promotion of the well-being of families with children by supporting measures that facilitate the balancing of professional and family life through greater availability of high-quality and varied family support services at the local government level, including access to age-appropriate, guaranteed and high-quality pre-school education for children from the age of 1.5. Creation of remote and part-time employment opportunities for parents with children  [Target area: entire Latvia]	MoW (MoES, MoEPRD, MoE, MoH, local governments, social partners, NGOs)	Cohesion Policy funds, state and local government budget funding
<b>2.</b>	[270] Improvement of the taxation system to ease the access of parents to the labour market: (a) increase of the rate of personal income tax relief for dependants providing, to equal at least 50% of the minimum monthly wage; (b) increase of the untaxed minimum income depending on the number of dependent children and income level; (c) revision of the limit and content of	MoF (MoW)	State budget funding

<sup>6</sup>In reducing the poverty risk of children, we will resolutely approach the quantitative target of the Europe 2020 Strategy: "by 2020, reduce the share of persons subject to the risk of poverty to 21% (eliminate the poverty or exclusion risk for 121 000 people)"

	eligible deductible expenses [Target area: entire Latvia]		
3.	[271] Improvement of the system of benefits to support childbirth [Target area: entire Latvia]	MoW (local governments)	State budget funding
4.	[272] Strengthen the alternative family movement (foster families, guardianship); improve services provided to the child during out-of-family care and promote a family-like environment in children's out-of-family care institutions; and enhance the life preparedness of young people after leaving out-of-family care, by ensuring social services support at least two years following the end of the care, and by building the capacity of the social services. [Target area: entire Latvia]	MoW (local governments, NGOs)	Cohesion Policy and state budget funding
5.	[273] Support for families and individuals in crisis situations and situations involving sexual violence, by providing professional social work services and timely social and medical rehabilitation services (including crisis advice, violence prevention and rehabilitation support programmes) [Target area: entire Latvia]	MoW (MoH, MoI, local governments)	Cohesion Policy funds, state and local government budget funding
6.	[274] Reduce the crime rate among children, eliminate factors leading to criminal behaviours, and improve children's safety by protecting them from endangerment of health and life; ensure the availability of mental health services, reduce the frequency of child injuries [Target area: entire Latvia]	MoI (local governments, MoJ, MoW, MoES, MoH, NGOs)	State budget funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>204.23</b>

## Strategic Objective “Development of Competencies”

[275] For a person to be able to obtain and maintain decent employment, to take care of him- or herself and his or her family and to contribute to the development of the country, various competencies – a set of knowledge, skills and attitudes – are required, such as language skills,

knowledge and command of information and communications technologies, communication and cooperation skills, entrepreneurial ability, civic consciousness, creativity, ability to think critically, to plan finances, to assess risks and identify solutions to such risks. These competencies need to be upgraded throughout one's lifetime, because it is impossible to anticipate the future needs.

[276] By 2020, all children and young people must be provided with high-quality elementary and secondary education and access to activities outside the formal education system that expand experience and create opportunities for discovering and mastering one's talents. Intensive improvements are needed to vocational education, which creates employment opportunities and is important for enhancing the structure of the national economy. Broad experience in the early stages of life promotes flexible adaptation to a changing labour market. In turn, participation of job seekers and workers in adult education prevents and reduces unemployment, raises productivity and creates a basis for higher income and self-actualisation.

### [277] Goals and Outcomes for the Strategic Objective

#### [278] Goal 1

By providing all children and young people with high-quality and competitive elementary and secondary education and with access to activities outside the formal education system, reduce the proportion of children and young people with poor basic skills, while increasing the share of those pupils who exhibit higher competency levels

#### [279] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[280] Literacy level of young people (aged 15–16) according to the OECD PISA standard: highest competence levels (5 and 6)	2.9 (2009)	2.9	5	9	–
[281] Literacy level of young people (aged 15–16) according to the OECD PISA standard: lowest competence levels (level 1)	17.2 (2009)	17.2	15	13	–
[282] Proportion of the population aged 18 to 24 who have not finished school	10.8 (2011)	10.5	10.2	10 <sup>7</sup>	9

Source: MoES, CSB

Forecasts: MoES

#### [283] Goal 2

Based on international trends and labour market projections, create an adaptive and competitive system of vocational education

#### [284] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[285] Ratio of students in general secondary education and vocational	61/39 (Academic	60/40	55/45	50/50	50/50

<sup>7</sup> Latvia has a more ambitious goal than that defined in the Europe 2020 Strategy – “reduce the proportion of the population aged 18–24 who have not finished school to 13.4% in 2020” – as Latvia has already exceeded this target in 2012

education programmes after completing elementary education	year 2011/2012)				
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Source: MoES

Forecasts: MoES

### [286] Goal 3

Develop adult education promoting an increase in labour productivity in accordance with the needs of the labour market

### [287] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[288] Percentage of persons aged 25 to 64 involved in adult education	5.1 (2011)	7.0	9.5	15	34

Source: MoES, CSB

Forecasts: CSCC

### [289] Individual measures to be carried out within the Strategic Objective

No	Definition of the measure	Responsible institutions	Indicative sources of financing
1.	[290] Introduction of innovative forms of curriculum content and activities in elementary and secondary education to promote creative and entrepreneurial ability: a digital learning environment, contemporary methods of foreign language acquisition, improvement of natural and social science curricula, strengthening of the career education system  [Target area: entire Latvia, worldwide]	MoE (local governments, MoEPRD, MoC, social partners, NGOs)	Cohesion Policy funds, state budget funding
2.	[291] Creation of opportunities for talents to be discovered and developed, including support for youth science and technology centres, academic summer camps for pupils, provision of science workshops, competitions and research projects  [Target area: entire Latvia]	MoES (MoC, local governments, NGOs)	Cohesion Policy funds, state budget funding
3.	[292] Development of inclusive education: provision	MoES (MoW, MoC, local governments,	Cohesion Policy funds, state and local

	of support staff, including teacher assistants and development of study materials for special education needs  [Target area: entire Latvia]	NGOs)	government budget funding
4.	[293] Training and recruitment of highly qualified and creative teachers for general education: (a) recruitment of young and talented teachers; (b) improvement of professional teaching qualifications; (c) an in-service training and mentoring system for young teachers; (d) comprehensive monitoring of the quality of education  [Target area: entire Latvia]	MoES (local governments)	Cohesion Policy funds, state budget funding
5.	[294] Involvement in extracurricular activities and volunteer work of young people who do not, or rarely, take advantage of such opportunities  [Target area: entire Latvia]	MoES (MoC, MoW, local governments, social partners, NGOs)	Cohesion Policy funds, state budget funding
6.	[295] Improvement of the competencies of the teachers and work experience advisers involved in vocational education in accordance with trends of the labour market; capacity building of vocational education institutions (including teachers) with respect to adult education  [Target area: entire Latvia]	MoES (local governments, MoE, MoW, MoA, MoC, social partners, NGOs)	Cohesion Policy funds, state budget funding
7.	[296] Definition and development of necessary vocational education programmes in accordance with analyses of sectoral needs (both planned and already performed) and the identified basic vocations and	MoES (local governments, MoE, MoW, MoA, MoC, social partners, NGOs)	Cohesion Policy funds, state budget funding

	qualifications, identification and development of the necessary professional standards and curricula, including work experience provided by business in various sectors as a part of the vocational courses.  [Target area: entire Latvia]		
<b>8.</b>	[297] Introduction of module-based education programmes (flexible, successive and structured subject blocks) in vocational education, development and approval of methodological teaching materials (including digital materials)  [Target area: entire Latvia]	MoES (local governments, MoE, MoW, MoA, MoC, social partners, NGOs)	Cohesion Policy funds, state budget funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>118.58</b>

## Strategic Objective “Healthy and Fit for Work”

[298] Approximately 30% of all deaths in Latvia are premature, while still in the working age. The main causes of early mortality include various diseases (cardiovascular, oncological, mental, disorders of the motor system, etc.) and external causes (injuries, accidents, suicide, murder), which are also the causes of an early loss of the capacity to work. The causes of premature death and the loss of the capacity to work are in most cases related to various health risks. By mitigating their impact it is possible to increase people’s healthy life span and the quality of life, thus also improving natural population growth and facilitating employment in the country to ensure an “economic breakthrough”.

[299] The major manageable health risks in Europe resulting in considerable healthcare and social costs include smoking, alcohol abuse, a lack of physical activity and unhealthy nutrition. Because of this, the role of primary healthcare in preventing the above risks needs to be increased.

[300] It is therefore necessary to implement targeted and effective measures towards the promotion of health and limitation of risks by improving the quality and accessibility of healthcare services that ensure a timely diagnosis of diseases and earlier commencement of treatment.

### [301] Goals and Outcomes for the Strategic Objective

#### [302] Goal 1



By promoting a healthy lifestyle and improving planning and coordination in the healthcare system and the quality and accessibility of out-patient healthcare, reduce the occurrence of risk factors of chronic diseases and external causes of death in the population, thus facilitating the preservation and improvement of people’s health – which is the foundation of an enduring and productive working life

**[303] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[304] Healthy life span, average (men/women)	53.5/56.7 (2010)	54/57	55/58	57/60	60/63
[305] Potential years of life lost (per 100 000 of the population)	6 476 (2010)	6 050	5 850	5 300	4 500
[306] Percentage of the population in Latvia engaged in physical or sports activity at least one or two times per week	27 (2009)	30	35	40	60
[307] Percentage of the population of working age who have visited a general practitioner at least once during the last year	65.1 (2010)	66	70	74	75
[308] Percentage of the working age population who have abused alcohol during the last year	43.7 (2011)	43.7	40	38	35
[309] Prevalence of a regular smoking habit at the age of 15 (%)	26.9 (2010)	25.5	24.5	22	18.5

Source: CSB, MoH  
Forecasts: MoH, CSCC

**[310] Individual measures to be carried out within the Strategic Objective**

<b>No</b>	<b>Definition of the measure</b>	<b>Responsible institutions</b>	<b>Indicative sources of financing</b>
<b>1.</b>	[311] Strengthening habits of a healthy and active lifestyle in the society as a whole by strengthening health promotion cooperation networks: (a) promotion of healthy nutrition, an active lifestyle and mental health; (b) development of children’s, youth and popular sports; (c) inclusion of health education in school curricula; (d) prevention of addictive substances and processes  [Target area: entire Latvia]	MoH (MoES, MoA, MoC, MoI, SIF, local governments, social partners, NGOs)	Cohesion Policy funds, state and local government budget funding
<b>2.</b>	[312] Ensuring access to healthcare: (a) by especially strengthening the role of primary health care in the prevention, diagnosis and treatment;	MoH (MoJ, NGOs)	Cohesion Policy funds, state budget funding

	(b) by improving early diagnosis and treatment in the out-patient network; (c) by improving the infrastructure of emergency medical aid  [Target area: entire Latvia]		
3.	[313] Improvement of the quality of healthcare services, planning and coordination thereof: (a) implementation of further education programmes for healthcare professionals and support staff; (b) development of a care network for cardiovascular, oncological, mental illness and perinatal care (including the development of patient flow guidelines); (c) improvement of the payment system for services; (d) assessment and improvement of the operations of healthcare institutions  [Target area: entire Latvia]	MoH (local governments, NGOs, social partners)	Cohesion Policy funds, state and local government budget funding
4.	[314] Measures of medical and social rehabilitation maintaining and restoring working ability, including for persons after accidents, illness and injuries at work  [Target area: entire Latvia]	MoH (MoW, local governments, NGOs, social partners)	Cohesion Policy funds, state budget funding
5.	[315] Restricting the prevalence of addictive processes and substances, including treatment to integrate individuals into the labour market, reducing the availability of addictive substances  [Target area: entire Latvia]	MoH (MoI, MoJ, MoW, MoES, local governments, NGOs)	Cohesion Policy funds, state budget funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>325.31</b>

### Strategic Objective “Belonging to Latvia: Cooperation and Culture”

[316] Latvia is the only country in the world where the Latvian nation, language and culture can exist and fully develop, and there is a broad community of people outside of Latvia with a sense of belonging to Latvia, together forming a global network. Language and culture are at the same time the foundations that unite the Latvian society. Therefore, society and the state seek to foster the Latvian language and promote the values of national identity, the role of civil society and social integration in the long term.

[317] The state should strengthen the quality of the space for public information and democratic discussion that ensures communication encompassing the entire society and

promoting participation, as well as the state’s ability to hear out and communicate with residents and compatriots abroad by explaining the decisions made and promoting a consciousness of unifying values and goals.

[318] People who have a sense of belonging to Latvia are willing to live, work and raise a family in their country, and they support their country by taking part in civic activities. Those who cooperate with others respond much better to sudden challenges both by overcoming possible shocks and taking advantage of new opportunities. A society endowed with high mutual trust is more capable of managing economic development in this global age, and people are more satisfied with their lives.<sup>8</sup> The state must take active and resolute measures to create conditions to promote the repatriation of émigrés and reach out to people who belong to Latvia so as to preserve their identity and promote the development of Latvia.

### [319] Goals and Outcomes for the Strategic Objective

#### [320] Goal 1

Promote people’s sense of belonging, civic consciousness and pride in their country and nation

#### [321] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[322] Pride in belonging to the people of Latvia (%)	59.9 (2010)	62	65	70	–
[323] Civic participation index of the population	7.4 (2009)	10	14	19	–
[324] Political trust index of the population	3.23 (2009)	3.9	4.4	4.75	–

Source: MoC, European Social Survey  
Forecasts: MoC, CSCC

#### [325] Goal 2

Increase the mutual cooperation and trust of the population

#### [326] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[327] Mutual trust among the population (%)	46 (2009)	50	56	62	–
[328] Percentage of the population involved in non-governmental organisations	2.8 (2009)	4	7	9	–
[329] Societal intolerance towards other ethnic groups (%)	58 (2009)	54	50	47	–

Source: MoC, European Social Survey  
Forecasts: CSCC

<sup>8</sup> Francis Fukuyama, *Trust: The Social Virtues and Creation of Prosperity*, New York: Free Press, 1995, 480 pp.

**[330] Goal 3**

Encourage people to stay in Latvia and facilitate the return of Latvian nationals to Latvia

**[331] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[332] Migration balance, by primarily promoting return migration and reducing emigration	–23 127 (2011)	–8500	–1 500	1 000	–

Source: MoI

Forecasts: CSCC

**[333] Goal 4**

Increase the use of the Latvian language in society, strengthening the position of Latvian in everyday communication

**[334] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[335] Use of Latvian in communication (among Latvians/among other ethnicities, %)	96/26 (2008)	96/32	96/36	96/40	–

Source: MoES

Forecasts: MoES

**[336] Individual measures to be carried out within the Strategic Objective**

<b>No</b>	<b>Definition of the measure</b>	<b>Responsible institutions</b>	<b>Indicative sources of financing</b>
<b>1.</b>	[337] Support shaping national identity, through traditional and innovative culture (contemporary art, traditional art, film, literature) by promoting cooperation among different social groups  [Target area: entire Latvia, worldwide]	MoC (MoES, local governments, NGOs)	State budget and private funding
<b>2.</b>	[338] Promoting high-quality civic participation and communication by public administration bodies with the public on issues affecting people the most  [Target area: entire Latvia, worldwide]	SCh (all ministries, local governments, social partners, NGOs)	Cohesion Policy funds, state budget funding
<b>3.</b>	[339] Support to civil society activities that strengthen cooperation and mutual	MoC (MoFA, MoES, NGOs, SIF, local	Cohesion Policy, Common Agricultural Policy funds and foreign financial

	<p>understanding among generations, ethnic and interest groups, occupations, territories, with particular focus on the involvement of the publicly inactive population; clean-up campaigns and other voluntary activities, community development and participation in policymaking [Target area: entire Latvia, worldwide]</p>	governments)	instruments, state and local government budget funding
4.	<p>[340] Promotion of opportunities for social integration, including learning Latvian language, information on basic rights, education, health, employment, culture and other areas  [Target area: entire Latvia, worldwide]</p>	MoC (MoI, MoES, MoH, MoW, MoJ, SCh, SIF, MoEPRD, local governments, social partners, NGOs)	Cohesion Policy funds, the Asylum and Migration Fund, European Union budget instruments, state budget
5.	<p>[341] Promotion of return migration and preservation of the identity of Latvian nationals living abroad, including development of the global network, events in Latvia, availability of education and culture abroad and support measures to promote return migration  [Target area: entire Latvia, worldwide]</p>	MoC, MoFA (MoES, MoE, MoEPRD, MoW, MoA, MoT, SIF, CEC, local governments, social partners, NGOs)	Cohesion Policy funds, European Union budget instruments, state budget
6.	<p>[342] Creation of a high-quality, democratic informational space that ensures access to information about the country and developments in public life to people throughout Latvia, to Latvian nationals abroad and to ethnic minorities and different generations, with special emphasis of</p>	NEMC (MoC, MoT, MoI)	Cohesion Policy funds, state budget funding

	audiovisual products created in Latvia [Target area: entire Latvia, worldwide]		
7.	[343] Creation of a state-of-the-art and coordinated system for the acquisition of the Latvian language for children and adults that encourages the use of Latvian in public [Target area: Entire Latvia, worldwide]	MoES (MoJ, MoC, MoE, MoI, SIF, NGOs)	Cohesion Policy funds, state budget funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>131.17</b>

## Priority “Growth for Regions”

### *Why “Growth for Regions”?*

[344] Priority “Growth for Regions” aims to create preconditions for sustainable and balanced economic development in the cities and regions of Latvia. Latvia is a small country with a great diversity of natural and human resources. The proposed Strategic Objectives provide for the smart and efficient management of the available resources, the use of opportunities for territorial development and the minimisation of threats.

[345] The regions of Latvia still harbour a considerable potential for national economic growth that is not being utilised. These are our skills and entrepreneurial abilities that need to be combined with available resources. Through the skilful utilisation of this potential, an “economic breakthrough” will be possible in each household, municipality and the country as a whole. Quality living space and a well-tended and creative living environment attracting creative and innovative people are important preconditions for the development of human resources.

[346] Our main task is to attain sustainable growth by strengthening the capacity of regions and using their advantages and resources as effectively as possible. Contrary to the current monocentric settlement structure, a balanced polycentric approach should be developed comprising mutually subordinated development centres that are linked at various levels, where assistance is available for the improvement of business activity, transportation, public service provision and tourist infrastructure through an integrated territorial approach (the urban environment). The position of Riga as the metropolis should be maintained, while promoting the transfer of the potential and resources generated in the capital region to the regions, thus facilitating the general development of the country and public well-being.

[347] Territorial development should be focused on minimising inequalities both among regions and within the regions themselves. By reinforcing the rural–urban partnerships it will become possible to provide people with more equality of living and working conditions, accessibility to services and mobility.

[348] The model of development centres defined by Latvia2030 for the future spatial structure is used as the basis<sup>9</sup>, which envisages focused investment in national and regional development centres (9+21)<sup>10</sup>. Investment in human capital, capital goods and infrastructure will make these the driving forces behind the “economic breakthrough”, providing the neighbouring territories with an impetus for economic activity, thus encompassing the entire territory of Latvia. These centres have to become the key forces for drawing business investment new job creation. This is the foundation on which the planning regions will involve the self-governments and populations of the smaller municipalities in the investment projects that are underway, thus augmenting the developmental synergies among all residential settlements. For the purpose of improving territorial governance, the consequences of the administrative territorial reform have to be evaluated.

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<sup>9</sup> A development centre is a territory where resources (including human resources) and social and economic activities are concentrated and which promote the development of the surrounding area. The network of the most important (primary) national development centres consists of development centres of international, national and regional importance, as they are the sites of the greatest concentration of population and economic and social activity

<sup>10</sup> The nine national development centres are Riga, Daugavpils, Jelgava, Jēkabpils, Jūrmala, Liepāja, Rēzekne, Valmiera and Ventspils. The 21 regional development centres are Kuldīga, Talsi, Tukums, Saldus, Dobeles, Bauska, Ogre, Aizkraukle, Sigulda, Cēsis, Limbaži, Smiltene, Alūksne, Gulbene, Balvi, Preiļi, Līvāni, Ludza, Krāslava, Madona and Valka

[349] The development of business activity in every populated area is a precondition for the sustainable growth of that territory, which is why most resources should be directed towards the promotion of economic activity. It is also vital that every cubic metre or hectare of the available resources be used more intensively and at the same time, more sustainably: it is impermissible that considerable swaths of agricultural land lie unused. By utilising these resources responsibly, while restoring the cultural and historical heritage of the regions and intensifying the cultural life, a quality living space and an appealing business environment can emerge, thus promoting the development of tourism. Therefore, all the means of influence available to the state and local governments have to be employed to support those who produce goods and provide services, and economic tools have to be used to restrict the activities of those who do not use these resources in an efficient and sustainable manner.

[350] A limited amount of investment should not be the reason for a considerable deterioration of access to services by people. The “basket of services”<sup>11</sup>, which will contain the prospective range of public services in correspondence to population density, has to define clearly which public services will be available for different levels of settlement – from villages in parishes to the national development centres.

### [351] Goals of the Priority

#### [352] Goal 1

Creating a greater equality of employment opportunities and living conditions for all people by exploiting the development potential and unique resources of the territories.

#### [353] Goal 2

Strengthening of the international competitiveness of Latvia’s regions by increasing the role of Riga as a North European metropolis and the international significance of other national development centres

### [354] Priority Strategic Objectives

**Strategic Objective** “Promotion of Economic Activity in the Regions: Unleashing the Potential of Territories”

**Strategic Objective** “Availability of Services for Creating More Equal Work Opportunities and Living Conditions”

**Strategic Objective** “Sustainable Management of Natural and Cultural Capital”

### [355] Measurable Outcomes for the Priority Goal

### [356] Index 1 Territory Development Index in the planning regions

[357] The territory development index is a complex assessment of the differences in the socioeconomic development of the Latvian regions. It is calculated based on eight indicators

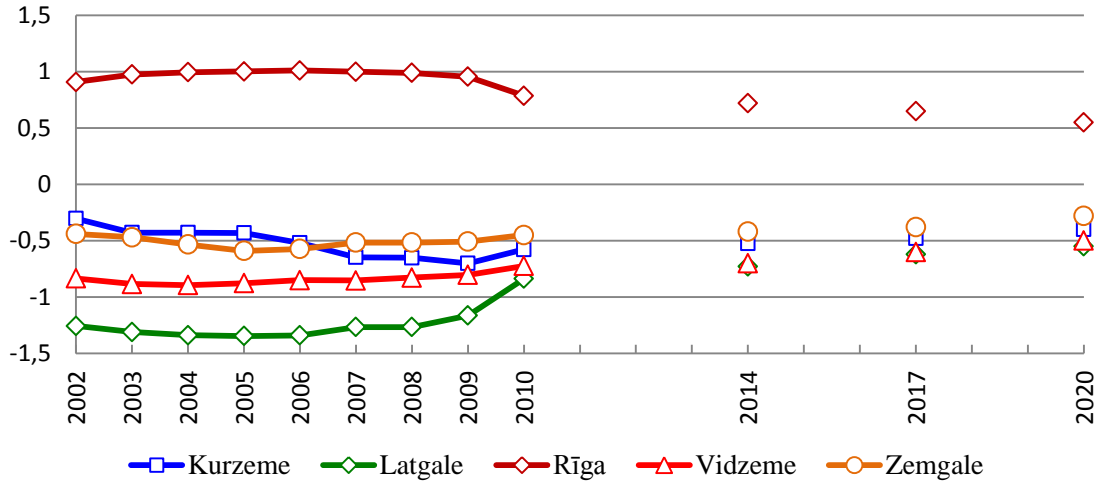
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<sup>11</sup> The “basket of services” consists of the prospective assortment of public services (a “basket”) based on the level of settlement (infrastructure and services)



(unemployment, GDP per capita, personal income tax per capita, non-financial investment per capita, the age dependency ratio, population change, the density of permanent population, the number of individual merchants and commercial companies per 1 000 of the population).

Territory Development Index in the Planning Regions

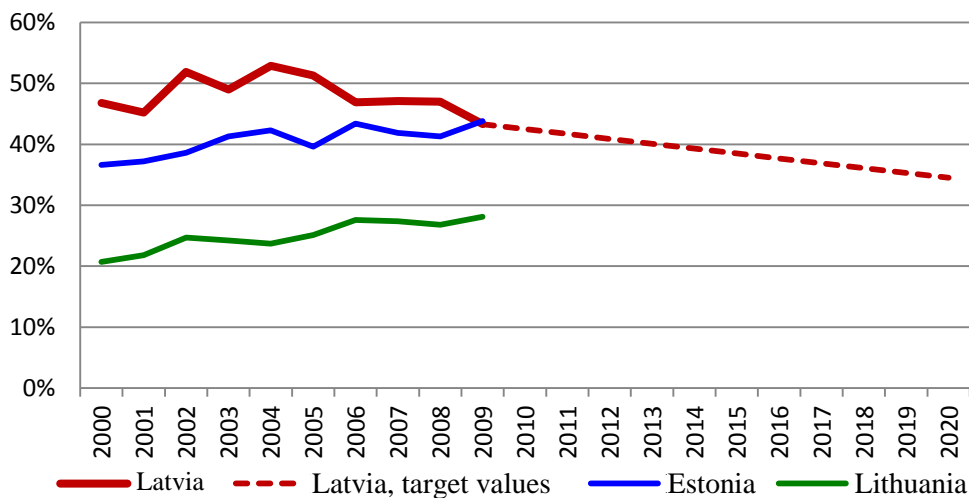


Source: State Regional Development Agency, annual report *Development of Regions*  
Forecasts: CSCC, MoEPRD

[358] Index 2 Dispersion of regional GDP per capita

[359] The dispersion of regional gross domestic product (GDP) per capita is a means of assessment of the differences in the economic development of a country’s regions. It is calculated by adding the differences between the national and regional (NUTS 3) GDP per capita, assessing the proportion of the population of the region, and is defined as a percentage of the GDP per capita. A decline in the dispersion of the regional GDP per capita reflects a reduction in the regional differences in the economic development nationally, and this is an important objective of balanced and sustainable development.

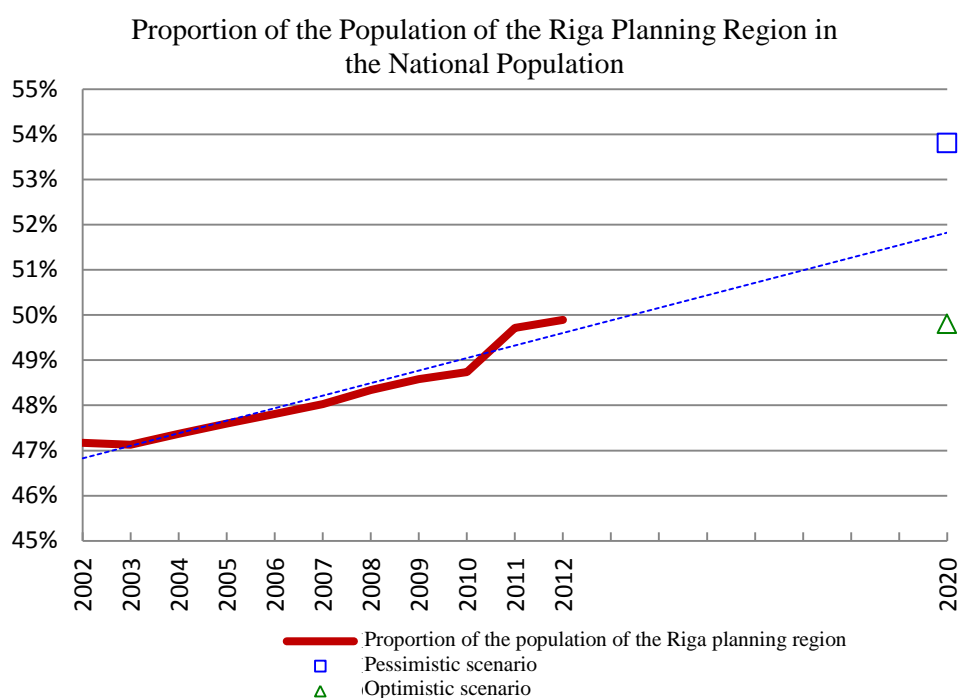
Dispersion of the Regional per capita GDP



Source: EUROSTAT (Dispersion of Regional GDP at Nuts Level 3)  
Forecasts: MoEPRD, CSCC

**[360] Index 3** Proportion of the population of the Riga planning region in the national population at the beginning of the year

[361] The proportion of the population of the Riga planning region in the total population of the country is a direct assessment of the national socioeconomic development and of the appeal of the regions as a place to live. It reflects the success of other planning regions in attracting people to their territories by encouraging economic growth, providing jobs, public services and a quality living environment.



Source: CSB  
Forecasts: MoEPRD, CSCC

## [362] Measurable Outcomes for the Goals

	Base value (year)	2014	2017	2020	2030	
[363] Territory Development Index in the planning regions	Riga	0.786				
	Vidzeme	-0.724	0.720	0.65	0.55	
	Kurzeme	-0.577	-0.70	-0.60	-0.50	
	Zemgale	-0.454	-0.52	-0.48	-0.40	-
	Latgale	-0.838	-0.42	-0.38	-0.28	
	(2010)		-0.73	-0.62	-0.55	
[364] Dispersion of regional GDP per capita (%)	43.3 (2009)	39.3	36.9	34.5	-	
[365] Proportion of the population of the Riga planning in the national population at the beginning of	49.9 (2012)	49.9	49.65	49.28	<48	

the year (%)					
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Source: MoEPRD, CSB

Forecasts: MoEPRD, CSCC

## Strategic Objective “Promotion of Economic Activity in the Regions: Unleashing the Potential of Territories”

[366] The socioeconomic disparities amongst regions are considerable. There is a concentration of population in the Riga planning region, while other regions – rural territories in particular – are experiencing a rapid decline in population. The per capita costs of public services and infrastructure are rising considerably in many territories.

[367] In order to stem these negative trends, it is necessary to increase economic activity in the regions and development centres by attracting and using the resources of the surrounding territories, encouraging the development of business activity and the transport and ICT infrastructure, developing and utilising fully the potential of educational institutions and boosting people’s mobility. This would facilitate the creation of new businesses and jobs, providing an impetus for living and working in the regions. Cross-border international cooperation that provides greater opportunities for implementing strategic development projects is an important precondition for the regional development.

[368] Interaction among development centres of varying significance creates a polycentric network of functionally interlinked development centres with a diverse and complementary infrastructure network and range of services in place.

[369] Riga, as the capital of Latvia and the largest city in the Baltic countries, is where a major proportion of the national scientific and business potential is focused. By combining this potential and creating clusters for science and research and for the growth of innovative and technologically intensive companies, it is possible to achieve the growth of Riga as a business, scientific, cultural and tourism centre of Northern Europe.

[370] Efficient governance can encourage economic activity. Through competent regulation, simplified procedures and upgraded institutional and financial management, it is possible to achieve a more efficient use of the state and local government assets and greater benefits for the public. A predictable business environment that is distinguished by its adherence to the rule of law in the country as a whole and in every municipality serves as a pull for private investment projects and job creation.

### [371] Goals and Outcomes for the Strategic Objective

#### [372] Goal 1

Provide preconditions for the development of business activity and new job creation in the manufacturing and services sector in the regions

#### [373] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[374] Percentage of job-seekers in the statistical regions outside Riga	Greater Riga: 14.4	13.1	12.0	10.9	–
	Vidzeme: 12.7	11.6	10.6	9.7	–
	Kurzeme: 15.1	13.8	12.6	11.5	–
	Zemgale: 18.5	16.9	15.4	14.1	–
	Latgale: 18.7 (2011)	17.1	15.6	14.2	–

[375] Economically active entities of the market sector in the regions, per 1 000 of the population	Avg. for Latvia: 64.2	65	72	75	85
	Riga: 70.7	72	80	83	94
	Vidzeme: 66.5	67	75	78	88
	Kurzeme: 61.5	62	69	72	82
	Zemgale: 53.3	54	60	63	71
	Latgale: 52.8 (2010)	53	59	62	70

Source: MoEPRD, CSB  
Forecasts: MoEPRD

### [376] Goal 2

Create preconditions for improved economic activity in the Eastern border region

#### [377] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[378] Personal income tax revenue per capita in the local municipality governments of the Eastern border region, as a percentage of the average	63 (2011)	66	69	72	–

Source: MoEPRD  
Forecasts: MoEPRD

### [379] Goal 3

Establish an administrative structure of local governments to ensure that their financial capacity estimate for the performance of autonomous functions reaches at least 45% by 2020 (a business cycle indicator)

#### [380] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[381] Evaluation of the financial capacity of local government for the performance of autonomous functions (%)	34 (2011)	36	37	39	–
[382] Per capita revenue from personal income tax in local government budgets (LVL)	285 (2010)	296	305	314	–

Source: MoEPRD, CSB, MoF  
Forecasts: MoEPRD

#### [383] Individual measures to be carried out within the Strategic Objective

No	Definition of the measure	Responsible	Indicative
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		<b>institutions</b>	<b>sources of financing</b>
<b>1.</b>	[384] Support for the development of agricultural, fisheries and forestry production, further processing of products, and services (including niche products and services)  [Target area: entire Latvia]	MoA (MoEPRD, MoE)	Common Agricultural Policy and Common Fisheries Policy funds, state budget and private funding
<b>2.</b>	[385] Promotion of cooperation, the development of cooperatives at all levels of production and service provision levels and between them  [Target area: entire Latvia]	MoA (MoEPRD, MoE, MoH, local governments, social partners, NGOs)	Cohesion and Common Agricultural Policy funds, state budget financing and private funding
<b>3.</b>	[386] Investment support and measures for the development of production of substitutes for imported food products (with high value added) as well as the production and processing of food quality scheme products (national food quality, organic farming)  [Target area: entire Latvia]	MoA (MoEPRD, MoE)	Common Agricultural Policy and Common Fisheries Policy funds, state budget and private funding
<b>4.</b>	[387] Support for the access by small and medium enterprises producing agricultural, fisheries and forestry products to distribution networks and shortening of supply chains  [Target area: entire Latvia]	MoA (MoE, local governments)	Common Agricultural Policy and Common Fisheries Policy funds, state and local government budget and private funding
<b>5.</b>	[388] Assembly (packaging) and preparation of offers to potential investors (complex proposals including financial instruments, infrastructure and human resource solutions) in order to attract investment projects to industrial and resort territories  [Target area: national and regional development centres and adjacent areas]	MoEPRD (MoA, MoE, MoH, local governments)	Cohesion Policy funds, foreign financial instruments and local government budgets
<b>6.</b>	[389] Developing the required infrastructure of Riga for the performance of the functions of a regional metropolis (including in tourism, culture, science and raising of investment)	MoEPRD (MoC, MoES, MoT, MoE, RCC)	Cohesion Policy funds, local government budget, private funding

	[Target area: City of Riga]		
7.	[390] Increased motivation of local governments to attract investment for the development of manufacturing and services by using relevant tax policy tools and other means  [Target area: entire Latvia]	MoEPRD (local governments)	State and local government budget funding
8.	[391] Implementation of an improved administrative territorial division of the country based on an evaluation of the results of the administrative territorial reform  [Target area: entire Latvia]	MoEPRD (local governments)	State budget funding
9.	[392] Cross-border and near-border cooperation aimed at greater economic activity  [Target area: border regions]	MoEPRD (MoFA, MoE, MoF, MoI, MoES, MoC, MoW, MoT, MoH, local governments, social partners, NGOs)	Cohesion Policy funds, state budget funding
10.	[393] Development of coastal infrastructure to promote small ports and business activity  [Target area: Baltic seacoast]	MoEPRD (MoT, MoA, MoE, local governments)	Cohesion Policy, Common Agricultural Policy and Common Fisheries Policy funds, state budget, local government budgets and private funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>1 498.24</b>

### Strategic Objective “Availability of Services for Creating More Equal Work Opportunities and Living Conditions”

[394] There is inequality between regions and local municipalities in terms of income and economic activity, as well as access to services – which produces pronounced disparities in the quality of life of residents of different regions. This situation encourages the outflow of economically active people from less to more developed territories, which, together with the low level of productivity, further reduce the prospects of growth and available jobs in the less developed territories.

[395] It is therefore necessary to level out the availability and efficiency of public services across the entire territory of Latvia as much as possible, taking into account the justified differences in the cost of providing such services and their quality.

### [396] Goals and Outcomes for the Strategic Objective

#### [397] Goal 1

Ensure convenient and safe access to development centres, including achieving good driving quality on the roads connecting national and regional development centres and greater availability of public transportation by creating an efficient and balanced public transportation system by 2020

#### [398] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[399] Reduction of the length of major state motor road segments in a poor or very poor condition (%)	0 (2012)	15	28	50	100
[400] Reduction of the length of regional paved motor road segments in a poor or very poor condition (%)	0 (2012)	5	20	50	85
[401] Percentage of paved motor roads in the total length of regional motor roads	75.4 (2009)	80	81	82	100
[402] Passenger circulation in public road transportation (million passenger-kilometres per year on scheduled bus routes)	1 981 (2011)	2 190	2 130	1 860	1 730

Source: MoT, CSB  
Forecasts: MoT, CSCC

#### [403] Goal 2

Ensure the availability of services in accordance with demographic trends and changes in the density of settlement

#### [404] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030
[405] Percentage of households with access to the internet	63.6 (2011)	70	75	80	95

Source: CSB  
Forecasts: MoT, CSCC

#### [406] Goal 3

Ensure convenient access to services in digital form

#### [407] Measurable Outcomes for the Goal

	Base value (year)	2014	2017	2020	2030

[408] Percentage of the population who use the internet to interact with state and local government institutions	41 (2011)	46	54	60	80
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Source: MoEPRD, CSB

Forecasts: MoEPRD

**[409] Individual measures to be carried out within the Strategic Objective**

No	Definition of the measure	Responsible institutions	Indicative sources of financing
1.	[410] Improvement of regional roads, giving priority to the roads connecting national and regional development centres  [Target area: entire Latvia]	MoT (MoEPRD, local governments)	Cohesion Policy funds, state budget funding
2.	[411] Improvement of local motor roads and access roads, with priority given to the motor roads connecting populated areas with regional development centres and agricultural, food production and forestry businesses with a higher traffic intensity  [Target area: entire Latvia]	MoT (MoEPRD, MoA, local governments)	Common Agricultural Policy funds, state and local government budget funding
3.	[412] Provision and development of the infrastructure of the major transport corridors (TEN-T), including the linking of urban transport infrastructure with the TEN-T network. Renovation of the surface of the major national motor roads  [Target area: entire Latvia]	MoT (MoEPRD, local governments)	Cohesion Policy funds, state budget funding
4.	[413] Organisation of public transportation services in a single bus and rail network, providing rural residents with the possibility of reaching regional development centres and, from there, the national development centres and the capital (connections from parishes to the 21+9 at least twice daily)  [Target area: entire Latvia]	MoT (MoEPRD, local governments)	State budget and private funding
5.	[414] Ensuring access to high-speed and ultra high-speed data transmission networks in the entire territory of Latvia  [Target area: entire Latvia]	MoT (local governments)	Cohesion Policy funds, private funding
6.	[415] Development of digital content and other products and e-services, thus expanding the accessibility and possibilities of use of such services in economic activity; improvement of the e-skills of the population	MoEPRD (all ministries, SCh, local governments, social partners,	Cohesion Policy funds, state and local government budget funding



	[Target area: entire Latvia]	NGOs)	
7.	[416] Creation of a system for inducing employees in the field of public services to work outside the Riga agglomeration  [Target area: territories outside the Riga planning region]	MoEPRD (MoES, MoC, MoH, MoW, local governments)	Cohesion Policy funds, state budget funding
8.	[417] Definition and implementation of a basket of public services for different levels of settlement: (a) services in national and regional development centres (9+21); (b) services in rural territories (outside national and regional development centres)  [Target area: entire Latvia]	MoEPRD (all ministries, local governments, social partners, NGOs)	Cohesion Policy funds, state and local government budget funding, private funding
9.	[418] Ensuring the optimisation and accessibility of public services (digitalisation capabilities, transfer of customer service functions to customer service centres [“development agencies”]) according to the principle of a “one stop agency”, based on the results of assessment of the public services provided by the state administration  [Target area: entire Latvia]	MoEPRD (all ministries, SCh, local governments)	Cohesion Policy funds, state budget funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>1 129.12</b>

## Strategic Objective “Sustainable Management of Natural and Cultural Capital”

[419] The use of the natural capital of Latvia is associated with sustainable uses of land, forests, waters and natural resources, an increased volume of ecosystem services, the diversification of production and the raising of productivity, while developing to an equal extent both intense production and “green” production – as well as “green” consumption. It also seeks to preserve the natural capital and prevent its depletion, creating and maintaining the image of Latvia as a “green” country. The major ecosystem services are related to farm products, the sustainable management of forests, as well as products and services that can be generated through the use of recreational resources: such as the Baltic Sea coast and sulphur water and mud extraction sites.

[420] The unique cultural and creative human capital resources provide an opportunity for local governments to develop competitive business activity beyond the agricultural sectors: such as creative industries and tourism, while shaping a friendly and inclusive living environment. In a creative society, cultural capital plays a major role in the personal growth of individuals.

### [421] Goals and Outcomes for the Strategic Objective

#### [422] Goal 1

Maintain of the natural capital as the basis for sustainable economic growth and promote its sustainable uses while minimising natural and human risks to the quality of the environment.

**[423] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[424] Area used for organic farming (as a percentage of all land used for agriculture)	8.7 (2009)	10	10	10	>15
[425] Percentage of cultivated land in the total area of agricultural land	87.9 (2011)	90	92	95	–
[426] Share of processed waste (%)	40 (2011)	43	47	>50	>80
[427] Rural bird index (1999 = 100)	115 (2010)	115	115	115	>120
[428] Index of forest birds	100 (2005)	95	95	95	–
[429] Forest coverage (percentage of forested areas in the total area of the country)	50 (2008)	52.7	52.7	52.7	55

Source: MoA, MoEPRD, CSB, RSS

Forecasts: MoEPRD, MoA

**[430] Goal 2**

Sustainable use of cultural capital resources

**[431] Measurable Outcomes for the Goal**

	<b>Base value (year)</b>	<b>2014</b>	<b>2017</b>	<b>2020</b>	<b>2030</b>
[432] Attendance of cultural events per year (per 100 inhabitants)	181.7 (2008)	196	196	200	>250
[433] Number of participants in amateur art groups (per 100 inhabitants)	2.7 (2008)	2.7	2.85	3	>3.5
[434] Number of foreign tourists staying four or more days (million/year)	0.4 (2008)	0.5	0.75	1	>1.5

Source: MoC, CSB

Forecasts: MoC, CSCC

**[435] Individual measures to be carried out within the Strategic Objective**

<b>No</b>	<b>Definition of the measure</b>	<b>Responsible institutions</b>	<b>Indicative sources of financing</b>
<b>1.</b>	[436] Development of an integrated selection of export oriented tourism, cultural, health and natural capital infrastructure products and services.  [Target area: entire Latvia]	MoC (MoES, MoEPRD, MoA, MoE, MoH, local governments, social partners,	Cohesion Policy funds, local government budget, private funding

		NGOs)	
2.	[437] Support to the activities of cultural institutions, local businesses and traditional artisans by developing products and services on the basis of the tangible and intangible cultural heritage  [Target area: entire Latvia]	MoC (MoA, MoES, local governments, social partners, NGOs)	Cohesion Policy funds, Common Agricultural Policy and Common Fisheries Policy funds, local government budget and private funding
3.	[438] Promote the sustainable use and biological diversity of land and other natural resources through the application of environmental conservation technologies  [Target area: entire Latvia]	MoA (MoEPRD, MoE, local governments)	Cohesion Policy, Common Agricultural Policy and Common Fishery Policy funds and the state budget
4.	[439] Wider supply of energy-efficient and ecological goods and services in public procurement (“green public procurement”)  [Target area: entire Latvia]	MoEPRD (all ministries, local governments)	Common Agricultural Policy funds, state budget and private funding
5.	[440] Increase the use of water bodies and agricultural land in food production, including improving the infrastructure regulating public water management  [Target area: entire Latvia]	MoA (local governments)	Cohesion Policy, Common Agricultural Policy and Common Fisheries Policy funds, state budget and private funding
6.	[441] Increasing soil fertility and the value of forest resources by minimising the environmental impact and deploying conservation technologies  [Target area: entire Latvia]	MoA (local governments)	Common Agricultural Policy funds, state budget and private funding
7.	[442] Waste sorting and processing of waste sorted at collection  [Target area: entire Latvia]	MoEPRD (local governments)	Cohesion Policy funds, private funding
<b>Total indicative funding available for the implementation of the Strategic Objective, in million LVL:</b>			<b>529.68</b>

## Funding procedures of NDP2020

[443] NDP2020 outlines the indicative medium-term national development financing for the implementation of the goals and strategic objectives defined in the document. The implementation of NDP2020 does not preclude increases in the funding of other goals set by the Government, provided this takes place within the scope of a fiscally responsible government budget policy. In order to secure additional funding avenues for the implementation of the goals and strategic objectives defined in NDP2020, and to ensure a more efficient and better monitored use of the implementation instruments of NDP2020, a single development finance institution is being established.

[444] The NDP2020 is implemented through: (a) funds from the state and local government budgets; (b) the European Union policy instruments: the Cohesion Fund, the Common Agricultural Policy and Common Fisheries Policy funds and other European Union funds, directed by the European Commission towards the attainment of the objectives prescribed in the Treaty on European Union; (c) other foreign financial instruments; (d) private funding. Social partners, other government partners and members of the general public (who contribute considerably to the national development at the micro-level) have been invited to take part in achieving the goals of NDP2020. The model of public and private partnerships could be one of the potential forms of funding for the implementation of the measures envisaged in NDP2020 provided that: the total transparency of projects funded this way would be ensured, accountability mechanisms would be in place to ensure that all investments conform with the interests of the state, and the overall long-term obligations of the state would be respected.

[445] The procedure for financing the NDP2020 is prescribed by the Law on Budget and Financial Management. In accordance with the budget timetable approved for each year, the Cabinet of Ministers ratifies an updated volume of medium-term budgetary objectives, priority areas of development, governmental fiscal policy objectives, gross domestic product forecasts, state budget revenue forecasts and the fiscal balance of the state budget, while complying with fiscal discipline requirements.

[446] In accordance with the Medium-Term Budget Framework Law, in preparing budgetary requests, the ministries and other central state institutions specify the medium-term budgetary objectives and priority development areas for each year of the period of that Law, directed towards the attainment of the goals and implementation of the priorities defined in NDP2020.

[447] In preparing the annual budgetary request, the ministries and other central state institutions draft the new policy initiatives based on the national development priorities and goals set forth in NDP2020. The Ministry of Finance and the Cross-Sectoral Coordination Centre are responsible for analysing the requests to ensure consistency with NDP2020.

[448] In accordance with the provisions of the Development Planning System Law, the drafting of programming documents for the European Union and other foreign financing instruments for 2014–2020 prioritises the solutions proposed in NDP2020.

## Process of Implementation, Monitoring and Assessment of the National Development Plan

[449] Achieving the NDP2020 is a goal for the state administration, local governments, businesses, non-governmental organisations and society as a whole. NDP2020 will serve as the foundation for planning investments from the state budget the EU Structural Funds and other foreign financial assistance and the planning of medium-term and annual budgets in order to secure the necessary resources for long-term sustainable development. NDP2020 defines the medium-term goals for national development and specific outcomes to monitor their attainment – along with the corresponding target values for 2020, as well as individual measures which, if implemented, will ensure the attainment of the goals.

[450] The Saeima (Parliament) of the Republic of Latvia and the Public Administration and Local Government Committee's Subcommittee on Monitoring the Drafting and Implementation of the National Development Plan will play a significant role in the process of monitoring and assessment of NDP2020. After NDP2020 is ratified, every two years, the Government will submit for review to the Saeima a single, mutually integrated report on the implementation of NDP2020 and the Sustainable Development Strategy of Latvia and the sustainable development of the country. This will enable the evaluation of the progress of the implementation of these development planning documents at the level of both goals and measures and will serve as the basis for potential amendments – if there are justified arguments for such amendments as a result of transformations nationally and in the external environment and following an assessment of the circumstances.

[451] NDP2020 contains performance target values of indices for 2017 which, at the mid-point of the implementation of NDP2020, will enable an assessment of the progress of national development towards the defined objectives and, if necessary, allow for decisions regarding additional tasks or a necessary reallocation of resources to be made.

[452] The report will contain the following information:

- Progress towards the attainment of the objectives set in the Sustainable Development Strategy of Latvia and NDP2020, including with respect to specific activities implemented in the reporting period;
- Resources effectively used towards the fulfilment of the tasks included in the Sustainable Development Strategy of Latvia and NDP2020 within the reporting period, as well as an assessment of the compliance of such expenditure with the fulfilment of the tasks and objectives defined;
- Degree of attainment of the goals included in the Sustainable Development Strategy of Latvia and NDP2020, by reflecting the updated values of the corresponding indices (including in the reporting period) and measuring them against specified targets. Simultaneously, an assessment is to be provided regarding the prospects of achieving the specified target values, given the development trends at the time, as well as proposals for action – if required due to a negative trajectory of the development trends;
- Significant transformations that have taken place in the country and in its external environment, which may serve as the basis for necessary amendments to the Sustainable Development Strategy of Latvia and NDP2020;
- Amendments required to the Sustainable Development Strategy of Latvia and NDP2020.

[453] Before a review in the Government and the Saeima, the report on the implementation of NDP2020 and the Sustainable Development Strategy of Latvia and the sustainable

development of the country will be drawn up in cooperation with the sectoral ministries and non-governmental organisations, and will be made available for public discussion. This way, the report will inform the public on the progress in particular areas of sustainable national development, enabling anyone to engage in the discussion on the development of the country, to evaluate the appropriateness of the priorities and strategic objectives selected, and link the projected results with accountability for the implementation of the specified tasks.

## Abbreviations Used

MoD – Ministry of Defence  
MoFA – Ministry of Foreign Affairs  
CSB – Central Statistical Bureau  
CEC – Central Election Commission  
MoE – Ministry of Economics  
EU – European Union  
EUROSTAT – statistical bureau of the European Union  
MoF – Ministry of Finance  
MoI – Ministry of the Interior  
GDP – gross domestic product  
ICT – information and communication technologies  
MoES – Ministry of Education and Science  
MoC – Ministry of Culture  
CPCB – Corruption Prevention and Combating Bureau  
RSS – Rural Support Service  
Latvia2030 – Sustainable Development Strategy of Latvia until 2030  
IDAL – Investment and Development Agency of Latvia  
LCR2011 – Latvia Competitiveness Report 2011  
MoW – Ministry of Welfare  
NDP2020 – National Development Plan of Latvia for 2014–2020  
NEMC – National Electronic Media Council  
NRP – National Reform Programme for the Implementation of the EU2020 Strategy  
NGO – non-governmental organisations  
CSCC – Cross-Sectoral Coordination Centre  
GANDP – Gap Analysis of the National Development Plan 2014–2020  
RCC – Riga City Council  
SIF – Society Integration Foundation  
MoT – Ministry of Transport  
MoJ – Ministry of Justice  
MoEPRD – Ministry of Environmental Protection and Regional Development  
MoH – Ministry of Health  
SCh – State Chancellery;  
MoA – Ministry of Agriculture

Prime Minister

V. Dombrovskis