



Weekly Briefing

**Latvia political briefing:
Priorities of Latvian national development policy for 2021-2027**
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Priorities of Latvian national development policy for 2021-2027

The National Development Plan of Latvia for the next planning period of 2021-2027 has been developed to identify the largest state budget investments into the development of Latvia and improvement of the quality of life of people over a 7-year period, and has been submitted to Parliament of the Republic of Latvia on March 4, 2020. The document serves as a road map for policy makers on the country's development vision and investment needs for the next seven years.

National Development Plan of Latvia for 2021-2027 (furthermore – NDP or NDP2027) aims to implement more than 330 initiatives for a total of € 14.5 billion over the next seven years, from 2021 to 2027. This includes national development priorities, objectives and investment directions, as well as planned reforms and policy changes. The NDP 2027 also pictures Latvia's seven-year commitments to achieve the Latvian Sustainable Development Strategy 2030 (Latvia 2030) and the UN Sustainable Development Goals. The NDP balances investments or spendings/expenses and opportunities for the state and its citizens to "earn"¹.

Latvia's NDP is prepared by the Cross-Sectoral Coordination Centre (CSCC) – the leading development planning authority which is under direct authority of the Prime Minister. The number of meetings, discussions and public hearings dedicated to the subject are large. The result is a multi-vocal but also a fragmented perspective on Latvia. Although many actors are involved, the ministries have the decisive role in setting the priorities included in the NDP.

The NDP is implemented mainly with public resources and is also supported by private and municipal funding as well as foreign financial assistance. The resources of the European Union funds also contribute to the future of the Latvian population by supporting and co-financing the implementation of objectives of the National Development Plan.

¹ The Cross-Border Coordination Center of the Republic of Latvia website: <https://www.pkc.gov.lv/>

Structure and overview of NDP 2027

The NDP 2027² provides a vision for fundamental change and growth of Latvia in four general directions. *Equal rights* encompass the implementation of the fundamental rights of all residents of Latvia through state-provided services. *The quality of life* characterizes the general increase of well-being and opportunities of every inhabitant of Latvia. *The knowledge society* is a common direction for change in education and science, civic awareness, media and the economy. *Responsible Latvia* is the answer to the threat of climate and demographic trends today and in the future.

Accordingly, the NDP 2027 sets 4 strategic goals (equal opportunities; productivity and income; social trust; regional development) in six priority areas. Each priority consists of several directions for key policies. Policy changes are supported by public investment from the national budget, European Union (EU) funds and other financial instruments.

The structure of the National Development Plan 2021-2027 is following:

Priority: Strong families, healthy and active people

- Direction: Human-centered health care
- Direction: Psychological and emotional well-being
- Direction: Strong families across generations
- Direction: Social inclusion

Priority: Knowledge and skills for personal and national growth

- Direction: Science for social development, economic growth and security
- Direction: A high quality, accessible and inclusive education system

Priority: Competitiveness of business and material well-being

- Direction: Productivity and innovation
- Direction: Jobs and income
- Direction: Capital and the business environment

Priority: Quality living conditions and territorial development

- Direction: Nature and the environment

² National Development Plan of Latvia for 2021-2027. Available at: <https://www.pkc.gov.lv/sites/default/files/inline-files/NAP2027galaredakcija.pdf>

- Direction: Technological environment and services
- Direction: Balanced regional development
- Direction: Housing

Priority: Culture and sports for active and fulfilling life

- Direction: Public participation in culture and sport activities
- Direction: Contribution of culture and sports to a sustainable society

Priority: A united, secure and open society

- Direction: Cohesion
- Direction: Rule of Law and Governance
- Direction: Security

To compare, **National Development Plan for 2014-2020**³ contained only 3 main priorities: “Growth of the National Economy”, “Human Security”, “Growth for Regions” and had a motto: “economic breakthrough – for the greater well-being of Latvia!”. The outcomes and tasks in NDP2020 were structured as 12 mutually coordinated and interrelated strategic objectives: Competitiveness and Productivity; Business Environment; Research and Innovation; Energy Efficiency; Employment; Competencies; Health; Demography; Cooperation, Participation and Culture; Natural Capital; Potential of the Regions; Access to Services.

So, we see that for the next planning period of 7 years there is more stress at law, public governance and security (which was not even mentioned in objectives for NDP 2014-2020). Also, while acknowledging that costs of energy are crucial for industry and manufacture, NDP’s priority areas do not comment on the energy policy directly. Only “smart energy solutions” are listed among the activities for productivity and income. The National Development Plan ascertains that energy transformation will have a solid place in Latvia’s governance and lists it among the budgetary priorities after 2021. However, the plan mainly considers energy as a part of environment and technology, leaving its commercial and industrial drivers largely intact⁴.

³ National Development Plan 2014-2020. Available at: https://www.pkc.gov.lv/sites/default/files/inline-files/NDP2020%20English%20Final_.pdf

⁴ Prospects of Energy Transformation in Latvia’s National Development Plan 2027, Green Liberty (NGO): <https://www.zalabriviba.lv/jaunumi/energy-nap2027/>

Strategical targets of the Latvian national development for 2021-2027

Strategic indicators mentioned in the NDP 2027 are: nominal productivity per hour of work as a % of the EU average (60,2 % in 2018; target value in 2027 – 68 %); GDP per capita PPP as a % of the EU average (71 % in 2018; target value in 2027 - 80 %); GINI coefficient (35.6 % in 2018; target value in 2027 – 30 %); rate for children at risk of poverty (17,5 % in 2018; target value in 2027 – 10 %); mutual trust (51 % in 2015; target value in 2027 – 64 %). Regarding employment and social issues, Latvia has planned to increase employment level of inhabitants aged 20-64 from 76,8 % up to 78 % in 2027. It is important for Latvia also to decrease long-term unemployment, setting the measurable indicator 2,2 % in 2027, and number of NEET young people (15-24 years old who will stay not employed, nor in education, nor in training) from 7,8 % till 6 %. Education is another important priority for the development of Latvia. It is defined that in 2027 proportion of STEM graduates out of total number of higher education graduates should be at least 12 %; 60 % of 16-74 years old people will possess basic and advanced digital skills; there will be 54 % of 25-64 years old who took part in formal or non-formal education/training in the last 12 months. It is also planned that ratio of general education and vocational education at the secondary education level will be 50/50 (at the moment this ratio is 61,14/38,86).

According to Head of the CSCC Pēteris Vilks, the most difficult goal in the new NDP will be to reduce inequality, as discussions on tax policy are expected to be tough. He admitted that the previous National Development Plan 2014-2020 has achieved its targets by about 70%. There are areas where targets have not been achieved at all, such as demographics, where targets have been very ambitious.

Conclusion

The Latvian National Development Plan for 2021-2027 provides four general directions for future growth of Latvia: equal rights, the quality of life, the knowledge society and responsible Latvia.

It also sets **4 strategic goals**: Equal opportunities; Productivity and income; Social trust; Regional development, and contains **6 priority areas**: 1) Strong families, healthy and active people, 2) Knowledge and skills for personal and national growth, 3) Competitiveness of

business and material well-being, 4) Quality living conditions and territorial development, 5) Culture and sports for active and fulfilling life, 6) A united, secure and open society.

Thus, following sectors has been put in the center for the next 7 years for Latvia: healthcare, demography, education and science, business and innovation, environment and regional development, culture and sports, security and the law. Quantitatively the main focus of NDP is on education, health and business promotion, and measures based on European Green Deal. If divided by main topics, NDP 2027 indicates funding for: climate (almost 5 Mln euro), research, science and innovation (1,1 Mln euro), digitalization (1,2 Mln euro), demography (1 Mln euro), all Latvian regions (nearly 6 Mln euro), including regions outside Riga (4 Mln euro). Funding will also be allocated for development of public media and their exit from advertising market, to promotion of critical thinking among general public etc.

References:

[1] *Law on the Development Planning System*: <https://likumi.lv/doc.php?id=175748>

[2] The Cross-Border Coordination Center of the Republic of Latvia website: <https://www.pkc.gov.lv/>

[3] **National Development Plan of Latvia for 2021-2027**: <https://www.pkc.gov.lv/sites/default/files/inline-files/NAP2027galaredakcija.pdf>

[4] National Development Plan 2014-2020: https://www.pkc.gov.lv/sites/default/files/inline-files/NDP2020%20English%20Final_.pdf

[5] Prospects of Energy Transformation in Latvia's National Development Plan 2027, Green Liberty (NGO): <https://www.zalabriviba.lv/jaunumi/energy-nap2027/>