



EUROPEAN COMMISSION

DIRECTORATES-GENERAL
REGIONAL POLICY

EMPLOYMENT SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES

Brussels,
D(2006) 520675

Dear Mr. Broks

National Strategic Reference Framework for Latvia 2007-2013

The Commission received the draft National Strategic Reference Framework 2007-2013 for Latvia on 24th October. The document was encoded on 3rd November in SFC2007. By letter of 1st November information was provided concerning the ex-ante evaluation and on the involvement of partners in the preparation of the NSRF. By a further letter dated 2nd November 2006 explanations on the additionality table were submitted. We therefore confirm that the National Strategic Reference Framework for Latvia 2007-2013 is admissible as of 24th October 2006.

Nevertheless some elements require modification before a Commission decision on the elements prescribed in Article 28.3 of Regulation 1083/2006 can be adopted. Most of the points Mr Meadows had raised in his letter of 3 April on the draft NSRF have been addressed. Some issues remain outstanding and are summarised as follows:

- Based on information included in the NSRF, we cannot yet verify that the additionality principle will be respected. Additional information in particular on the calculation of public or equivalent spending for the purpose of additionality is therefore requested.
- As a convergence area, Latvia's NSRF must include a definitive financial figure for the programme on Fisheries. It is understood that the EFF for Latvia will be in the order of EUR 125 million.
- The ex-ante evaluation, including SEA, process of the NSRF should be more fully described. This more detailed description should also provide information on how the recommendations from ex-ante evaluation have been taken into account in the NSRF and for what reasons some have not been addressed.
- The financial tables should be expressed in current prices totalling 4.530.447.634 €. The distribution of this amount should take into account the requirement to allocate 1/3 to Cohesion fund related priorities.

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- It seems that investment in human capital foreseen under the NSRF is underestimated when contrasted with the importance ascribed to human resource development under the NRP and NDP. Latvia is therefore invited to re-evaluate its labour market needs in terms of measures seeking to (1) expand labour supply in order to meet labour shortages, (2) enhance the adaptability of workforce, (3) increase the quality of human capital in order to increase productivity and (4) strengthen the administrative capacity of public institutions at all levels.

The outcome of this exercise should provide a comprehensive basis for assessing how Cohesion Policy funding can be best used to address the development challenges and priorities during the 2007-2013 programming period and, in particular, for reviewing the appropriate level of ESF allocations required to meet the needs and opportunities identified in the SWOT or needs analysis while taking into account the absorption capacity of the Latvian administration and public institutions.

- The NSRF determines the level of earmarking on Lisbon related policies at 52% of available resources, while the recent NRP Progress Report indicates the present share at 67% (excluding CF). It is recommended that Latvia aims to achieve the target set by Art 9.3 of the General Regulation 1083/2006.
- Information on the compliance of the actions envisaged to strengthen the Latvian social inclusion policy, in particular the National Action Plan on social inclusion, should be added.
- The targets regarding the main objectives of the NSRF should be set for the whole 2007-2013 programming period and not just until the end of 2010.
- A clear differentiation should be made between context and performance indicators. The National Development Plan related indicators can serve as context indicators, but indicators specific to the Structural Funds intervention need to be defined.
- The analysis of the socio-economic needs of the 5 planning regions should be addressed more precisely by taking into account the existing disparities in regional development in Latvia and the strategies addressing such imbalances.
- We feel that the priority "Development of Education" should be split into two separate priorities, namely a priority on "Science and Higher Education" and one on "Education and Skills" in order to ensure sound management, enhanced transparency and operational focus;
- In view of the importance of more polycentric development and the need to address specific development issues in urban areas, we recommend the inclusion – within the operational programme "Infrastructure and Services" – of a specific priority on "Integrated local development in urban areas". The Community Strategic Guidelines for Cohesion pay particular attention to territorial cohesion in relation to the specific needs of urban and rural areas. This has been confirmed in the Commission's Communication on Cohesion Policy and Cities. Such an urban priority could offer two development strands providing assistance to inner city regeneration in particular in the city of Riga, and strengthening the main cities as growth engines for the cities themselves and their surrounding areas.
- The NSRF does not foresee support for the development of sustainable public transport. We suggest that the Latvian authorities consider the inclusion of a balanced

package of measures seeking to provide alternative solutions to the mobility needs of the population.

- Regarding the support to "Innovation and entrepreneurship OP", the visibility of research and development and innovation would benefit by a clear separation of these activities into three separate priorities, namely one for RTD, one for financial engineering and one for business support. Such a split will enhance the visibility and coherence of the Structural Funds' contribution towards the creation of a knowledge based economy in Latvia.
- While the NSRF covers a wide set of activities for fostering innovation, the possibility of experimentation and innovative actions are not addressed sufficiently.
- Concerning the requirement of administrative efficiency (Art 27.3 of Regulation 1083/2006), institutional capacity to provide good service by the public administration at all levels needs to be strengthened. The planned territorial and regional reforms will present an additional challenge. The experience of the current programming period indicates that administrative capacity including the capacity required for the implementation of the structural funds needs to be strengthened. Additionally administrative procedures require simplification in order to address all socio-economic development challenges. The NSRF should better demonstrate how these issues will be addressed.
- In addition, we ask Latvia to provide a short summary of main actions to be taken to foster administrative efficiency under the priority of Administrative Capacity Building and the priorities of Technical Assistance including indicative funding for these actions. The summary with funding will be included in the Decision of the Commission.
- The Introduction makes insufficient reference to the most recent legal acts. It should therefore be updated in order to include the legislation on which the document is based.
- In general, the statistics used should be the most recent data available. The analysis and statistics used in the NSRF and the Ops should be mutually consistent..

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