

Statement

On the National Development Plan for 2021-2027 (NDP2027)

The Saeima, at its session on 2 July, when approving the NDP2027:

draws attention to the fact that, as of 2021, a new medium-term planning period begins in Latvia and in the European Union, and Latvia needs a clear, balanced, well-founded vision of national development, aimed at increasing the quality of life of the people of Latvia. A significant amount of European Union and state budget funding will be invested to achieve national development during the next seven years;

notes that the NDP2027 was developed before the Covid-19 pandemic struck and before the pandemic's long-term socio-economic impact has been assessed. Nevertheless, the NDP2027 was created with wide-scale public participation in discussions in all regions of Latvia, and its strategic environmental impact was assessed. During the development of NDP2027, discussions between parliament deputies and experts have taken place at the Sustainable Development Commission of Saeima, various other parliamentary commissions and several forums about the NDP2027 priorities, sectoral analysis and development perspectives, thus all stakeholders have contributed significantly to shaping the NDP2027;

points out that NDP2027 aims at changing habits of the population, as it strives for a higher quality of life, a more knowledgeable society, smarter business and greater responsibility for Latvia's environmental quality. The basis for this is a high-quality, efficient and sophisticated education system that provides lifelong education to support the personal growth of every inhabitant of Latvia and encourages purposeful application of the acquired knowledge;

stresses that the Cabinet of Ministers has approved a compromise-based, fiscally responsible and balanced investment plan for the implementation of NDP2027, based on an assessment of sectoral development needs, with an indicative public financial investment plan for 2021–2027. The sources of funding are the development part of the national budget, European Union funds, other foreign financial resources,

and this is the basis for negotiations with the European Commission regarding the Multiannual Financial Framework of the European Union and resources allocated to Latvia;

notes that the rapid spread of Covid-19 and the measures taken to contain the pandemic have seriously impacted the nation's economic development. The Covid-19 crisis is also a serious test for Latvian society and the state. And it provides a unique opportunity to change habits and behaviour, to plan national development and invest public funding for achieving clear and specifically defined goals, avoiding sectoral fragmentation by allocating more resources to productive growth of sectors and ideas with future potential, and spending less for maintenance of unproductive economic structures. It gives us a chance to focus on developing an innovative, knowledge-based society, unleashing its ability to generate new knowledge, as well as to move towards developing digital solutions in all sectors of the economy, in particular in education, in order to lay a solid foundation for the development of society and ensure future-oriented investment in human capital;

notes that significant additional resources will be spent to stop the spread of the pandemic and overcome its consequences, and this spending from the short-term perspective (social and economic preservation component) must be linked to the NDP2027 strategic objectives and directions (socio-economic development component);

believes that the Covid-19 crisis has already demonstrated the relevance and contemporary nature of the guiding theme of NDP2027: "Change of Habits – the Path to Development", and the strategic objectives: Productivity and Income, Equal Opportunity, Regional Development and Social Trust - in terms of national sustainability. The strategic objectives of NDP2027 reflect those common values on which the Latvian state and society must be based, as they remain unchanged in times of short-term crises or impact from external events. These objectives meet the needs of modern society and further strengthen the country's long-term development directions and positioning in the arena of global competitiveness;

considers that the Covid-19 crisis has clearly demonstrated the need for security of supply chains to guarantee the availability of vitally important material and technical resources and their provision during times of similar crises. Secure supply chains

should be developed in close cooperation between the public and private sector within the comprehensive national defense framework, thereby significantly increasing national capacity to withstand various potential crises;

given that the macroeconomic forecast for the coming years is unclear, and different future scenarios on the spread of Covid-19 are feasible, long-term national development also is contingent upon restrictions imposed due to Covid-19 and national support measures to counteract it. It is vitally important to invest wisely in areas most directly affected by the performance the public safety and health systems, and the mitigation of Covid-19 waves, namely, in healthcare and disease prevention, lifelong learning, science and research, in particular biomedicine, civil protection, with a special focus on material reserves and local food supply security, individual human resilience to improve the readiness of the population to adapt to changing life conditions, as well as to stimulate the economy to enable the affected sectors, including small and medium enterprises, to adapt and continue operating with all necessary safety measures;

notes that NDP2027 is not a short-term solution to mitigate the Covid-19 consequences, as short-term support instruments are being developed for this purpose. Eliminating the effects of the pandemic will be a process taking years that will require the recovery and restructuring of all EU Member States economies, taking into account changes in the international division of labor and differences in effects of the crisis on EU Member States and their regions;

calls for the Cabinet of Ministers, at a time when the impact of the Covid-19 crisis affects the people and economy of Latvia, to mobilize forces and resources, and urgently:

in the field of healthcare and public safety, implement targeted measures to attract human resources to the publicly funded healthcare sector for the improvement of healthcare quality and accessibility. Special attention is to be paid to socially vulnerable persons, strengthening of the capacity of the healthcare system, developing centralized electronic health cards and remote healthcare services. The cooperation capacity of the Ministry of Health, healthcare authorities and security institutions, and their preparedness for catastrophes and crises, is to be improved by increasing allocations of public financing for healthcare, including

remuneration of medical personnel, as well as through EU fund investments. During the implementation period of NDP2027 [the Cabinet of Ministers] should strive to allocate public financing for the healthcare sector near to the EU average. The public sector must remain an important stakeholder in the national healthcare system, with a proper network of medical institutions throughout the country;

in the field of social protection and equal opportunities, pay particular attention to ensuring a minimum income level for all, as well as provide social, psychological and material support when needed, especially for people and households in crisis, vulnerable groups, inhabitants at risk of poverty and social exclusion;

In the field of the economy, provide the necessary support to enterprises in terms of cashflow and access to capital to help them overcome the consequences of the crisis and to assist them in continuing to improve productivity. The digital transformation of the economy must be introduced, taking advantage of the new opportunities offered by e-commerce and e-government, introducing new forms of employment, developing higher digital skills, high-quality data transmission infrastructure, information and communication technology solutions and wider digitalisation of public services. The active labour market policy's ability to respond to a rise in short-term unemployment must be strengthened, and a sustainable labor market policy and a flexible lifelong learning system must be created and introduced to enable citizens to successfully integrate into the future labor market through the acquisition of new skills and competences. Targeted investments in the flexibility and capacity of enterprises to adapt existing facilities and service delivery platforms to the production of new, marketable products and services, including by promoting efficient use of local resources must be supported. Investment in infrastructure, important for public safety, energy efficiency, including in centralized heating facilities must be supported. Development of secure local supply chains within the framework of comprehensive national defense should be considered for human resilience and resilience of the economy during the crisis and afterwards. The rule of law is to be obeyed and investments must be protected;

emphasizes, in particular, the need to promote rapid and sustainable transformation of the Latvian economy during the NDP2027 implementation period, to increase targeted public and private investment in science and education,

especially in higher education and lifelong learning. In the long term, R&D should be reach 3% of GDP, approaching the level of successful Baltic Sea Region countries in terms of innovating;

points out that the Saeima has ordered [the Cabinet of Ministers] to include regional development in the set of NDP2027's strategic objectives. The ongoing administrative territorial reform must assist in addressing such challenges as polycentric development, reducing negative effects for territories on the outskirts of economic activity, strengthening cultural and historical diversity in the new administrative territories. Coordinated national and municipal activities to stimulate the economy are to provide relevant business support instruments throughout Latvia to increase productivity and export capacity, thereby creating preconditions for each local government to have at least one full-fledged development center. The development of each newly established region is to be strengthened. In the NDP2027 Mid-Term Progress Evaluation Report, the Cabinet of Ministers must assess the potential of development centers in the newly established municipalities and suggest to the Saeima revisions in the list of development centers specified in the Latvian Sustainable Development Strategy until 2030;

emphasizes the need to preserve and nurture Latvia's cultural heritage, promote creative processes, develop a diverse cultural environment by fully operating in the European and global cultural space, and providing support to the cultural and media industries to mitigate the effect of the crisis and facilitate recovery. Socially responsible and sustainable employment models must be tailored for these areas, as they play a crucial role in shaping national identity and enabling a democratic society;

appreciates the determination and decisive action of civil society and the private sector in selflessly supporting fellow citizens, municipalities and the state during the Covid-19 crisis. This cooperation capacity should be enhanced during the new and better economic recovery phase through programmes for strengthening civil society, promotion of civic initiatives and volunteering, and by parity in [public authority] dialogue with civil society and social partners at all stages of decision-making, thereby strengthening democracy and raising the level of mutual trust between people in Latvia as well as trust in government;

expresses its confidence that Covid-19 has created extra challenges for national development that are being addressed by the Latvian government and society.

Regardless of the duration and severity of the Covid-19 crisis in Latvia and in the world, appropriate recovery measures must be found that address both the short-term problems of the crisis and the longer-term national development vision provided by NDP2027. The sustainable development of Latvia, stronger growth of the national economy, and public welfare in the coming decades will depend on it. It is easier to change habits, if we all do it all together!

Riga, 2 July 2020