# SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING

(Third addendum to the Memorandum of Understanding)

**BETWEEN**

**THE EUROPEAN UNION**

**AND**

**THE REPUBLIC OF LATVIA**

**SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING**
(Third addendum to the Memorandum of Understanding)

**between the European Union and the Republic of Latvia**

1. **On 20 January 2009 the Council of the European Union (EU) adopted a Decision (5255/09) to make available to Latvia medium-term financial assistance of up to EUR 3.1 billion**. This financial assistance shall be made available during three years starting from the first day after the entry into force of the Council Decision, with a maximum average maturity of seven years. The EU assistance should be provided in conjunction with a loan from the International Monetary Fund of SDR 1.5 billion (1200% of Latvia's IMF quota, around EUR 1.7 billion) under an IMF Stand-by arrangement approved on 23 December 2008. The Nordic countries (Sweden, Denmark, Finland, Norway and Estonia) are to contribute EUR 1.9 billion together, the World Bank - EUR 0.4 billion, the European Bank of Reconstruction and Development, the Czech Republic and Poland - a total of EUR 0.4 billion, bringing the total to EUR 7.5 billion over the period to the last quarter of 2011.

2. **The EU financial assistance is provided in support of the Latvian authorities' Economic Stabilization and Growth Programme** ("Programme") to maintain domestic and international confidence in the financial system, address the budgetary imbalances, contribute directly and indirectly to improving competitiveness, and strengthen the economy’s growth potential by a range of structural reforms. Implementation of the measures proposed in the Programme would lay the groundwork for sustainable convergence and Latvia's goal of entry to the euro area.

3. **The EU financial assistance will be disbursed in six instalments.** The amount of the first instalment was EUR 1 billion, released on 25 February 2009 after signature of the Memorandum of Understanding ("the Memorandum"), while a second instalment of EUR 1.2 billion was released on 27 July 2009 after completion of the first review mission and the broad fulfilment of the economic policy criteria laid down in the Memorandum, and the third instalment of EUR 0.5 billion was released on 11 March 2010, following completion of the second review mission carried out from 2 to 14 December 2009, and broad fulfilment of the economic policy criteria, as laid down in the first Supplemental Memorandum of Understanding.

4. **The fourth instalment shall be released subject to the signature of this third Supplemental Memorandum of Understanding.** The Commission services carried out the third review mission in cooperation with the IMF staff from 25 May to 7 June 2010 to assess progress made with respect to the specific conditions attached to the fourth instalment of the EU financial assistance, as laid down in the second Supplemental Memorandum of Understanding, which amounts to EUR 0.2 billion. Based on the findings of the mission, a Compliance Note sent by the authorities on 14 May 2010 and in consultation with the Economic and Financial Committee, the specific economic policy criteria were considered to be broadly fulfilled. Since the previous review mission, the 2010-2011 macroeconomic outlook has improved, supporting compliance with the policy programme, including the 2010-2012 fiscal consolidation path to achieve a deficit of below 3% of GDP by 2012. In particular, this conclusion reflects implementation of the measures included in the 2010 budget adopted by the Parliament on 1 December 2009,

and progress by the Latvian authorities in identifying key measures in order to complete the budgetary consolidation over the medium term, as well as measures taken in the area of financial and structural reforms. Concerning the implementation of the 2010 budget, the authorities have taken measures to increase the efficiency of the State Revenue Service and combat the grey economy. Progress is being made as concerns the strengthening of the fiscal framework with the ongoing design of a fiscal responsibility law and the management of the public administration through a public sector wage grid. There has been good progress in addressing structural reforms and improving business environment, although determined action is still warranted. Significant financial system stabilisation measures have been taken, in particular as regards the restructuring process of the Parex Bank and, to a lesser extent, the transformation of the Mortgage and Land Bank. Given the progress made with respect to the deficit target for 2010, the EC and the IMF have approved the authorities' request to increase appropriations for EU Structural Funds and Cohesion Fund by LVL 100 million in the 2010 budget and additional spending of LVL 100.5 million on EU agricultural payments to foster absorption of EU funds. If there will be further fiscal space under the program, the authorities intend to approach the IMF and EC for approval to increase appropriations for EU Structural Funds and Cohesion Fund spending by up to LVL 132 million more this year.

5. **Conditions for the fifth instalment relate to consolidating the gains made thus far while setting the stage for fulfilling the Maastricht criteria by 2012.**

a) **Concerning budgetary consolidation,** the Latvian authorities are committed to achieving a 2010 deficit target of no more than 8.5% percent of GDP in ESA95 terms and a fiscal deficit of no more than 6 % of GDP in ESA95 terms in 2011. Preliminary estimates suggest that a further LVL 395-440 million in net measures will be needed to achieve the 2011 target. The authorities are also considering increasing appropriations from the EU Structural Funds and Cohesion Fund by LVL 250 million next year, which would require an additional LVL 30 million in measures to offset the increased co-financing needs. For 2012 further significant adjustment will likely be needed to bring the deficit below the 3% of GDP target. For the 2011 budget, preparatory work is well underway to identify a menu of options for the new government to reduce the deficit to no more than 6% of GDP. The 2011 budget will only be finalized after Parliamentary elections in October; however, preparing a menu of options for expenditure cuts and possible tax increases by end-October will enable the new government to quickly submit a budget for Parliamentary approval. Thus far, possible measures with an aggregate yield of around 3% of GDP have been identified. The final menu will include more measures, and will be significantly larger than the consolidation needed, to give the incoming government a meaningful choice of measures.

b) **As regards expenditure cuts**, the authorities are considering options that would enable the new government to rationalize expenditure while protecting the poorest in society, building among other things on the recommendations of a recent World Bank public expenditure review. Areas of possible savings include: (i) reforms to public administration, including the possible elimination or consolidation of government agencies: (ii) reducing direct subsidies to enterprises (including state and local government owned ones, 0.5-1.2% of GDP); (iii) further cuts in the wage bill of state-owned enterprises and (iv) budgetary consolidation in local governments. The authorities are also considering options for rationalizing the system of social benefits, including by additional targeting and by introducing changes to ensure the sustainability of the pension system. The State Chancellery and the Ministry of Finance are also undertaking a functional review of expenditure to identify those functions that can be abolished. The authorities have requested an IMF technical assistance mission to help identify further savings, especially regarding subsidies and social insurance benefits, while protecting the poor.

c) **As regards revenue increases**, in April this year the authorities published tax reform strategy, which includes several revenue-raising measures which could be introduced as part of the 2011 budget. The strategy proposes increasing consumption taxes – with due consideration of the impact on poorer households - to support fiscal adjustment, and to lower labour taxes when fiscal conditions allow, in order to reduce the tax wedge. For example, aligning all VAT rates to the standard 21% VAT rate could yield LVL 95 million (0.8% of GDP) in revenues, although net savings could be somewhat lower given the need for compensatory measures to protect those with low incomes. Increasing property taxes – consistent with a recent technical assistance report from the IMF – could raise an additional 0.5% of GDP. The authorities are also considering proposals to increase revenue from the annual car tax in a progressive manner, and to remove allowances which prove to be inefficient. The authorities will intensify efforts to improve tax administration and encourage tax compliance and have prepared a list of actions, some of which are already being approved and implemented.

d) **In other areas of the programme**, measures are to be taken to strengthen fiscal governance, increase transparency and improve public financial management including by strengthening the budget formulation process, reinforcing the Ministry of Finance's spending controls, and making operational the medium-term budget framework. Financial sector measures should aim at guaranteeing wider banking sector stability in the medium to longer term, and at facilitating insolvency procedures and a quick implementation of rehabilitation plans. The fixed (narrow band) exchange rate will remain the anchor for monetary policy until the adoption euro. The economic policy programme includes structural reform measures, with a view to improving the management and the performance of the public administration, accelerating EU fund absorption, strengthening public procurement, supporting active labour market and lifelong learning policies, improving the business environment and supporting export promotion measures.

6. **The specific economic policy criteria attached to the next instalments of the financial assistance and the reporting requirements are laid out in the Annex I and Annex II**, respectively, to this Supplemental Memorandum of Understanding, which is the third addendum to the original Memorandum. The Annexes form an integral part of this Supplemental Memorandum and replace previous Annexes.

7. **The outlook regarding external financing suggests that international medium-term financial assistance envisaged in the programme is sufficient** and there may be no need to draw from some of the loans by bilateral lenders. The improved economic and financial situation is creating conditions for the central government to gradually return to international capital markets under reasonable terms.

8. **The effective payment of the Loan instalments is subject to the corresponding legal commitment (Loan Agreement) signed in January 2009.** The disbursement date of each loan instalment or tranche will be agreed by the two parties in accordance with the Loan Agreement. The fifth instalment of up to EUR 0.1 billion is expected to take place by the first quarter of 2011, and the sixth by end-2011. If no disbursement request for the fourth

instalment is transmitted by the Latvian authorities to the Commission until 15 September 2010, the fifth instalment will be increased by the corresponding amount.

9. **Prior to the release of each instalment, the EFC shall be kept informed by the Commission of the fulfilment of the conditionality attached to the instalment in question.** The EFC shall be kept informed by the Commission of possible refinancing of the borrowings or restructuring of the financial conditions. The authorities will ensure, as appropriate, close co-operation with the EFC.

10. **The European Central Bank will act as an agent to the Commission** and shall transfer the proceeds of the Loan instalments or tranches to a euro account of the Ministry of Finance (the Treasury) held at the Bank of Latvia ("the Agent").

11. **During the implementation of the assistance, the authorities shall make available to the Commission all the relevant information for the assessment of progress in economic conditions and reform measures** as specified in Annex I. Prior to the release of subsequent instalments by the Commission, the authorities shall provide the Commission with Compliance Statements on the fulfilment of the conditionality attached to the instalment.

12. **Investigation and satisfactory treatment of any suspected and actual cases of fraud, corruption or any other illegal activity** in relation to the management of the EU Balance of Payments assistance shall be ensured. All such cases as well as measures related thereto taken by national competent authorities shall be reported to the Commission without delay.

13. **The European Court of Auditors shall have the right to carry out financial controls or audits that it considers necessary in relation to the management of this assistance.** The Commission, including the European Anti-Fraud Office, shall have the right to send its own agents or duly authorised representatives to carry out technical or financial controls or audits that it considers necessary in relation to the management of this assistance as long as the Loan has not been fully repaid.

14. **An independent ex-post evaluation of the assistance may be carried out by the Commission or its duly authorised representatives.** The authorities are committed to supply relevant information for the evaluation. The draft evaluation report will be made available to them for comments.

15. **All notices in relation with the present Supplemental Memorandum shall validly be given if in writing and sent to**:

For the European Union

European Commission
DG for Economic and Financial Affairs
B-1049 Brussels
Fax No.: (+32-2) 296.48.85

For the Prime Minister

State Chancellery

Brīvības boulevard 36, Rīga, LV-1520
Fax No.: (+37 1) 67280469

For the Ministry of Finance of Latvia

Ministry of Finance of Latvia
Smilšu iela 1, Rīga LV-1919
Fax No.: (+37 1) 67 09 55 03

For the Bank of Latvia

Bank of Latvia
K.Valdemāra iela 2A, Rīga LV-1050
Fax No.: (+37 1) 67 02 24 20

For Financial and Capital Market Commission

Financial and Capital Market Commission
Kungu street 1, Rīga, LV-1050
Fax No.: (+37 1) 67 22 57 55

16. **For Latvia, the Supplemental Memorandum shall become effective after completion of internal procedures required under the Laws of Latvia**. The Supplemental Memorandum may be amended upon mutual agreement of the parties in the form of an Addendum. Any such Addendum will be an integral part of the Memorandum and become effective according to the same procedures as the Memorandum.

Done in Brussels on ………and in Riga on ……… in five originals in the English language.

| **LATVIA** | **EUROPEAN UNION** |
|---|---|
| Represented by | Represented by |
| | EUROPEAN COMMISSION |
| *Valdis Dombrovskis* | *Olli Rehn* |
| The Prime Minister | Member of the European Commission |
| *Einars Repše* | |
| Minister of Finance | |
| *Ilmārs Rimšēvičs* | |
| Governor of the Bank of Latvia | |

*Irēna Krūmane*

Chairwoman of the Financial and Capital Market Commission

**ANNEX I**

## SPECIFIC ECONOMIC POLICY CRITERIA

At the time of the Commission services' review that will precede the decision on the disbursement of future instalments, the authorities are committed to have accomplished substantial progress in fiscal consolidation and expenditure control, fiscal governance reform, financial sector measures, and structural reforms, in line with the conditions below. Each review will assess the degree of achievement of relevant conditions according to the specified deadlines.

### General Programme Conditions

- The general government budget deficit targets for **2010, 2011 and 2012** in ESA95 terms are set at **no more than 8.5%, 6% and below 3% of GDP, respectively**.

- **All significant Cabinet decisions or other decisions with a fiscal impact**, including on social security or any guarantee scheme, **shall be announced and undertaken after discussions with the EC and the IMF**.

- **Any additional revenue or savings achieved relative to deficit targets should be used to achieve a lower-than-targeted budget deficit or**, after consultation with the EC and IMF, **to accelerate EU funds expenditure within the budgetary deficit targets set above or increase funding for active labour market and social safety net measures**. EU budgetary funding related to Structural funds and Cohesion Fund shall be used to the full extent and be budgeted appropriately. Appropriate technical assistance resources shall be ensured for the management and implementation of EU funds and other foreign financial assistance, in particular if their absorption is increased in 2010, and allocated to the respective Managing Authority, Audit Authority, Certifying Authority and the Intermediate Bodies.

- The Ministry of Finance's **macroeconomic forecasts** used as a basis for the budget preparation should be reviewed by the Bank of Latvia in consultation with external experts. The Commission services' forecast should be taken as a benchmark.

### Specific Conditions

#### *A: Fiscal consolidation*

- By end-October 2010, **technical proposals producing savings or additional revenues**, based on structural reforms in key sectors, **for a total amount significantly larger than the fiscal consolidation needed in 2011 shall be submitted to the EC and IMF**. Among others, these will include a car tax reform based on environmental and wealth considerations, and a comprehensive reform of real estate tax, while protecting the elderly and unemployed. A comprehensive cost-benefit analysis of exemptions shall be carried out.

- After preparing proposals for changes in the pensions system by end-June 2010, in consultation with the EC and the IMF, submit to the Parliament by end-November 2010 **concrete proposals to be implemented in 2011** in order to preserve future sustainability and adequacy of the three pillars of **the pension system**.

- After reviewing the social insurance benefit system by end-June 2010, submit to international lenders by end-September 2010 **concrete proposals aiming at streamlining the social insurance benefits system**, taking into account economic and demographic forecasts, so that appropriate changes can be **implemented after 2012**.

- By end 2010, **complete the implementation of the September 2009 recommendations by the State Audit Office** regarding the assessment of implementation of the 2008 State budget and budgets of local governments to achieve additional public expenditure savings in 2010 and onwards.

***B: Fiscal governance reform***

- **By end-September 2010, submit to the Parliament a new Fiscal Responsibility Law** complying with and supplementing the EU fiscal commitments and framework. ESA deficit forecasts shall be provided to the Parliament when the budget is submitted. To support the design and implementation of the fiscal consolidation measures for 2011 and 2012, prepare proposals, to be submitted within the 2011 draft budget, on how to strengthen the administrative capacity of institutions working for the introduction of a new medium term fiscal framework, a performance-oriented budget structure, and a revised medium term tax policy.

- **Improve the management and performance of human resources in the public administration.** By end-July 2010, adopt a concept paper on integrating the institutions involved in management and planning of human resources within the public administration. By end 2010, take necessary decisions to narrow further public sector wage bands supporting a more transparent and financially sound remuneration system and make sufficient progress with setting up a general public sector remuneration database, to allow closer reporting and monitoring. By end-2010, with technical assistance from international organizations, strengthen the following components of the human resource management system: (i) career development, (ii) system of annual official and employee assessment based on competences and performance, and by end-March 2011 propose necessary changes in regulations to improve performance-based remuneration, thereby creating incentives for the most skilled public sector employees. In this context prepare regulations constraining the share of public employees who can receive the highest performance assessments.

- By end 2010, submit to international lenders an assessment of options as regards possible restructurings, transformation into state agencies, or privatizations of part of **state and local government-owned companies and their subsidiaries**, against the criteria set in the Latvian State Administration Law.

*C: Financial sector measures*

- The FCMC will continue to ensure **close monitoring of the financial system** and **coordinate supervisory actions concerning cross-border institutions**. The FCMC, with the BoL, will ensure **monitoring of foreign banks' exposure** and share information with foreign supervisors and central banks and communicate its results to the EC and the IMF.

- The authorities, in consultation with the IMF and EC, will continue to **implement the restructuring plan for Parex Bank** once it is approved by the EC.

- By end-July 2010, appoint an independent consultant with a view to advise the government in preparing **a comprehensive transformation plan of the Mortgage and Land Bank** (MLB), to be submitted to the EC (DG COMP) by end-September 2010.

- By end-December 2010, with advice from an independent consultant, develop **proposals for optimization of the system of development financial institutions** and integrate, as appropriate, different development institutions operating on behalf of the government.

- **Continue facilitating market-based debt restructuring**, preparing a report by end-July 2010 on whether any legislative changes are necessary to further improve the tax treatment of restructured loans and foreclosure proceedings. If legislative changes are necessary, submit revisions to the tax legislation by end-August 2010 and seek passage of these amendments by end-September 2010. By end-September 2010, introduce a temporary one year waiver for personal income tax liabilities resulting from debt write-downs to encourage the restructuring of household debt. In 2010, review international best practice in the area of foreclosures with an aim to further improve foreclosure procedures and identify ways to accelerate post-auction court approval procedures. Amendments to speed the exit of non-viable firms and to support the rehabilitation of individual debtors are expected to be approved by Parliament by the end of the second quarter 2010.

*D: Structural issues and reforms*

- **Allocate sufficient budgetary resources for EU funded support, and demonstrate the achievement of efficient expenditure levels** (paid by the intermediate bodies). In **2010** this should reach at least 66 million EUR from the European Social Fund (ESF), 185 million EUR under the Cohesion Fund (CF) and 291 million EUR under the European Regional Development Fund (ERDF). The saved national public resources resulting from the decrease of national co-financing rate and/or from costs decrease shall be used for co-funding more ERDF and CF projects, in particular major infrastructure projects and projects fostering companies' export activities and innovation capacity building, as well as speeding up the project pipeline, with greater priority for projects that foster longer-term economic benefit and a sustainable recovery. Within the framework of the 2011 budget law, commit enough budgetary resources for a significantly accelerated implementation of the Structural Funds co-financed programmes. As a minimum, in **2011** Latvia should target annual expenditure (paid by the intermediate bodies) of at least 72 million EUR from the European Social Fund, 201 million EUR under the Cohesion Fund and 318 million EUR under the European Regional Development Fund.

- **To ensure rapid implementation and efficient absorption of EU funds**, progress will be sought as a priority in the following areas: by end-September 2010, finalize Riga and Pieriga Mobility Plan in order to proceed with major Cohesion Fund projects; in view of securing implementation in 2011 of RTD activities, take necessary steps to approve all the regulations for the ERDF (OP Entrepreneurship and Innovation) financing for the full period until 2013 and start signing project agreements by end-2010. By end-November 2010, new guarantee products by the Latvian Guarantee Agency shall be operational within the already allocated financing and in conformity with the Structural Funds regulations. By end-September 2010, establish a new unified position "Management of foreign financial instruments, including management of EU policies instruments" in the job catalogue in view of providing better and more transparent remuneration conditions for the civil servants involved in EU funds management. By end-October 2010, in view of facilitating bank lending for EU co-financed projects and a more effective implementation of program objectives, establish a regular involvement of commercial banks in the design of new EU co-financed programmes, as well as in the assessment of viability of EU projects before their approval by government agencies.

- **To implement effective active labour market policies:** during 2010, further strengthen the capacities of the State Employment Agency to allow more efficient job counselling services through a lower number of unemployed per case-handler. By end-December 2010, update the exit strategy from the ESF-financed emergency public works programme with effective options for facilitating the participants' transition to regular employment, including providing opportunity for part-time training to the participants of the public works program. A voucher system shall be in place by the 1st quarter of 2011, permitting a free choice of training, complemented by quality counselling and a structured evaluation system of the performance of training providers (based inter alia on placement indicators) to facilitate more informed decisions by the unemployed about available training programmes and among training providers.

- **Strengthen public procurement:** by end-August 2010, adopt the envisaged Cabinet of Ministers regulations to exclude from procurement companies that are likely to operate in the grey economy. By end-September 2010, expand the list of goods and services covered by the Electronic Procurement System (EPS) and by end-November 2010 submit the necessary legal amendments to generalise the mandatory application of the EPS across all levels of government. By end-September 2010 publish guidelines on centralizing municipal procurements (and submit legal proposals by end-March 2011 to make them compulsory). By end-2010, develop a pre-screening program of approving procurement decisions by the Procurement Monitoring Office (PMO) beyond the EU co-financed projects, based on risk analysis, while appropriately strengthening the PMO capacities.

- **To fight the grey economy and illicit trade:** by end-October 2010, adopt an overall plan to fight the grey economy with a view to implement it in 2011 and submit to the EC and IMF a comprehensive action plan for combating illicit trade and contraband, outlining appropriate measures and financing needs. Ensure adequate resources in the 2011 budget for the State Revenue Service to allow it to effectively combat the grey economy, illicit trade and contraband.

- **To support SMEs and improve the business environment**: by end-October 2010, in consultation with the EC and the IMF, make the special programme for the support of small and micro companies operational and, in cooperation with the relevant organized business organizations, take steps to improve the business environment, including by: a) making an inventory of authorisations and permits which companies need to seek in relation to, inter alia, registering property, operating a business and construction works and propose a roadmap for simplification; b) building on the ongoing pilot projects to be completed by end 2010, with a view to introducing over the coming years one-stop agencies at the regional (municipal) level providing front-office services to the customers, with back-office functions centralised and to the extent possible outsourced to private partners; c) ensuring a wider application of e-governance services and promoting the use of e-signature both by the public and private sector; d) reducing the time for registration as a VAT payer and simplifying tax declarations.

- By end-December 2010, in consultation with the EC and the IMF, **prepare a national investment attraction strategy** to focus on attraction and retention of both foreign and local investment. Under the auspices of the Prime Minister, establish a cross-sector, inter-institutional working group to propose specific measures to improve investment environment and follow up on the implementation of the strategy.

## ANNEX II MONITORING AND REPORTING REQUIREMENTS

(This Annex complements Annexes II of the MoU and the First/Second SMoU)

*During the implementation of the European Union assistance, the following indicators and reports shall be made available to the Commission by the relevant authorities (in addition to the requested reporting as set out in the original Memorandum of Understanding and Supplemental Memorandums). Furthermore,* ***reporting information provided to other multilateral and bilateral lenders*** *involved in the program of financial assistance, of which the assistance provided by the EU forms part,* ***shall also be provided to the Commission****:*

**Monitoring fiscal developments**

- Bi-weekly Treasury cash-flow assessment of central government financing needs.
- Monthly revenue and expenditure break-down of social budget, including data on social benefits' hand-outs (unemployment, family, etc); monthly state basic budget expenditure breakdown per type of expenditure for each ministry or other relevant budget entity; monthly revenue and expenditure break-down of local governments, including data on GMI hand-outs and other benefits included in category "other social support".
- Monthly information on central government (i.e., ministries and agencies) and state owned companies' staff and remuneration levels, institution-by-institution, showing last months'/years' trends.
- Monthly data on general government arrears, including to suppliers; quarterly information on debt stocks and flows and guarantees given on new debt, contracted by the (i) consolidated central, local and general governments and (ii) public enterprises; bi-Monthly data on new contingent liabilities of the consolidated central, local and general governments.
- Bi-Monthly data on state budget loans and PPP projects.

**Monitoring financial developments**

- Monthly statements of the operations on the special account; monthly report on outstanding loans split by currency and detailed to households (housing, consumer, other) and non-financial corporations (by sector).
- Notify DG ECFIN whenever there is a consultation process with DG COMP related to financial sector stabilization.
- Monthly report on banking sector stabilization measures; monthly report on the evolution of the parent banks' exposure towards Latvia, which encompasses all forms of debt instruments and capital as well as net deposits provided to banks in Latvia.
- By end-November 2010, the Financial and Capital Market Commission shall present to the EC the next of its regular six-month reports on the implementation of its strengthened supervisory and monitoring framework, focusing on developments in banks' loan portfolios, provisions for losses, liquidity and capitalisation, to be closely watched by means of, inter alia, regular on-site inspections and stress tests.

**Monitoring structural reforms**

**Structural Funds and Cohesion Fund**

- Regular consolidated and cross-checked reports on expenditure and revenue forecasts regarding overall EU and other foreign financial assistance, distinguishing clearly between government spending on behalf of the EU and spending corresponding to the national co-financing.
- Monthly data on budget allocations to and appropriations of line ministries for financing of EU Structural funds and Cohesion fund projects (including which programme and programming period they are related to); monthly data on the amounts disbursed to final beneficiaries for project implementation, by ministry and by EU Structural funds and Cohesion fund activities (including which programming period they are related to).
- Monthly data on the amounts spent by state budget financed entities as final beneficiaries on EU Structural funds and Cohesion fund project implementation, by ministry and by EU fund (including which programming period they are related to).
- At the middle of each quarter, qualitative assessment reports by the Managing Authority on reaching the Structural Funds and Cohesion Fund expenditure targets; at the end of each quarter, report on the management capacities of the SF Managing Authority, Audit Authority, Certifying Authority and the Intermediate Bodies: number of staff and total remuneration by body, including comparison with 2009 and previous quarters.

**Active Labour Market and Social Policies**

- Quarterly flash reports on the implementation of the ALM measures by the Ministry of Welfare, Ministry of Economy and Ministry of Education including number of participants, (total planned/the total unemployed, unemployed exiting the Workplaces with stipend program), problems encountered and solutions proposed.
- At the end of each quarter, report on the capacity of the State Employment Agency (SEA): number of clients per staff member, time allocated for a client, frequency of client contacts including comparison with 2009 and previous quarters.
- In the beginning of every quarter, assessment of policy options taken during the previous quarter regarding poverty, health and pensions (including data on allocations for GMIs and also in comparison to previous years).

**A copy of all information requests and reports shall be sent to the to DG ECFIN mailbox (ecfin-lv-bop-data@ec.europa.eu), as well as to current recipients of the reporting system.**