

# Treasury's Public Report for 2024



Treasury  
Republic of Latvia

# 2024



# Table of Contents

<i>Abbreviations Used in the Report</i>	3		
<i>Treasurer's Statement</i>	4		
<b>Basic information</b>	5		
<b>Activities of the Treasury in 2024</b>	7		
<b>1. Accomplishments in the Implementation of the Central Government Budget</b>	7		
1.1. Organisation and Enhancement of the Implementation of the Central Government Budget	7		
1.2. Accounting and Reporting	8		
1.3. Services of the Treasury	8		
1.4. Performance Indicators of Operational Targets	10		
1.5. Steps Planned for 2025	10		
<b>2. Accomplishments in Central Government Debt and Cash Management</b>	12		
2.1. Operational Principles and Development Trends	12		
2.2. Central Government Debt Indicators	13		
2.3. Borrowing Measures in 2024	13		
2.4. Savings Bonds	14		
2.5. Credit Rating of the Country and Counterparty Relationship Management	15		
2.6. Central Government Debt Portfolio Management	15		
2.7. Cash Management	16		
2.8. Performance Indicators of Operational Targets	17		
2.9. Steps Planned for 2025	17		
<b>3. Accomplishments in State Loan and Guarantee Management</b>	18		
3.1. Description of the Situation and Development Trends	18		
3.2. State-Issued Guarantees	18		
3.3. State Loans	18		
3.4. Steps Planned for 2025	19		
<b>4. Accomplishments in the Implementation of the Functions of the Certifying Authority of EU Funds and Foreign Financial Assistance</b>	20		
4.1. Description of the Situation and Development Trends	20		
4.2. Functions of the Certifying Authority in the 2014–2020 Programming Period	20		
4.3. Functions of the Certifying Authority for the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2014–2021	20		
4.4. Functions of the Accounting Authority in the EU Funds 2021–2027 Programming Period 32	21		
4.5. Functions of the Paying Authority for the Swiss Cooperation Programme	21		
4.6. Performance Indicators of Operational Targets	21		
4.7. Steps Planned for 2025	21		
<b>5. Accomplishments in the Accounting and Bookkeeping Service</b>	22		
5.1. Service Provision and Development Trends	22		
5.2. Steps Planned for 2025	22		
<b>6. Accomplishments Under the Governance of the Institution</b>	23		
6.1. Funding of the Treasury and the Spending Thereof	23		
6.2. Work Environment	35		
6.3. Personnel and Personnel Management	35		
6.4. Quality, Process Measurement, Risk, and Information Security Management	35		
6.5. Internal Control System	36		
6.6. Public Communication	36		
6.7. Performance Indicators of Operational Targets	37		
6.8. Steps Planned for 2025	37		

# Units of Measurement

# Abbreviations Used in the Report

EUR — euro, official currency of the European Union

ERDF European Regional Development Fund

EU European Union

EUROSTAT Statistical Office of the European Union

ESF European Social Fund

GDP Gross domestic product

CF Cohesion Fund

LOC Latvian Olympic Committee

IPSAS International Public Sector Accounting Standards

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# Treasurer's Statement



The still prevailing geopolitical tension, with increased volatility and uncertainty of the financial market, affected by the global geopolitical situation, and warfare in various regions of the world, was one of the most significant challenges of the Treasury in 2024, in order to, by flexibly adapting to the current financial market situation, raise the necessary resources on optimal terms to finance the government budget deficit, secure State loans and meet central government debt obligations. In May 2024, we made a 10-year bond issue on international financial markets worth USD 1.25 billion, providing a strategic return to the US dollar market; by entering into a currency swap to hedge currency risk, the effective interest rate was lower than the indicative interest rate for borrowings of similar maturity in euro. In turn, in September, we made a seven year Eurobond issue worth EUR 600 million on favourable terms, reaching the highest investor demand ever. It should be noted that the sovereign credit rating, which is currently at a high, investment-grade "A" level, is an important factor in maintaining the confidence of financial markets and investors in Latvia's creditworthiness in the future.

In 2024, the volume of investments of the population into savings bonds continued to rise, reaching EUR 322 million at the end of the year. Demand for savings bonds is stable and resilient, reflecting their visibility and the public's confidence in this publicly guaranteed investment instrument. Savings bonds provide Latvian citizens with the opportunity to receive tax-free interest income over the long term by conveniently purchasing savings bonds of different maturities at [www.krajobligacijas.lv](http://www.krajobligacijas.lv) and settling the purchase online. From January 2025, the site will offer an automatic reinvestment functionality, which provides investors with a convenient way to reinvest in savings bonds without additional settlement steps by selecting any available savings bond maturity.

The year 2024 was marked by one of the most extensive works in the history of the Treasury – in accordance with the delegation from the government, we implemented the fastest possible shift to the centralised provision of accounting and personnel record-keeping information system services in a single service centre for 31 institutions of the first five ministries – the Ministry of Economy, the Ministry of Agriculture, the Ministry of Health, the Ministry of Smart Administration and Regional Development, and

the Ministry of Climate and Energy. The overall objective of the project is to ensure that by 31 December 2026, 80% of the public administration workforce receives this service in a centralised way. The unified solutions and standardised processes will provide more quantitative and qualitative data analysis on public budget expenditure, tailored to the needs of users and available more quickly, thus ensuring both more efficient data management and savings in the resources needed by institutions to support these processes. The resulting available resources can be used by the institutions to carry out their core functions. Once the support functions are used in a centralised way by the public administration authorities, the number of employees needed to carry them out will reduce.

In order to make budget execution analysis widely accessible, to promote public confidence, to enable the analysis and use of public budget data for different purposes and to reduce the manual work and administrative burden on institutions, we continued to digitise and automate the preparation, submission, aggregation, storage, and automation of public budget execution analysis information in a single database. In 2024, we developed a solution for collecting information on the analysis of state budget execution in the *ePārskati (eReports)* system, and we continue to publish datasets on state and local government budget execution and financial data in the open data portal. In turn, to streamline the operation of accounting methodology, we set up an internal chatbot that provides support in the field of accounting records and reporting and helps employees navigate the binding laws, regulations and documents.

In delivering nationally significant projects and innovations, centralising and developing services, and providing functions in a challenging environment of financial market and economic uncertainty, care for employees is essential. In this dynamic time of change, as our team grows, we are placing particular emphasis on communication – communicating the internal culture and values that the Treasury has built over the years, understanding the mission and strategic direction and development of the institution, uniting and guiding employees to achieve common goals. In these challenging times, I would like to thank each and every employee of the Treasury for their responsibility, professionalism and integrity in carrying out their duties to ensure the sustainable management of state financial resources.



Treasurer  
Kaspars Āboliņš

Riga, May 6, 2025

## Legal Status

The Treasury is a direct administrative authority under the Ministry of Finance designed to effectively implement the functions of public administration in the area of public financial management. The legal status, functions, tasks, competence and rights of the Treasury are stipulated by Cabinet Regulation No. 677 of 3 August 2004 "Regulation of the Treasury".

## Main functions

- 1) organising implementation and financial accounting of the central government budget;
- 2) granting allocations and effecting payments from the central government budget revenue;
- 3) central government debt and cash management;
- 4) financial management of EU funds and other foreign financial assistance mechanisms;
- 5) other functions defined by laws and regulations.

**Operational Strategy for 2023–2026** (updated in 2025) focuses on:

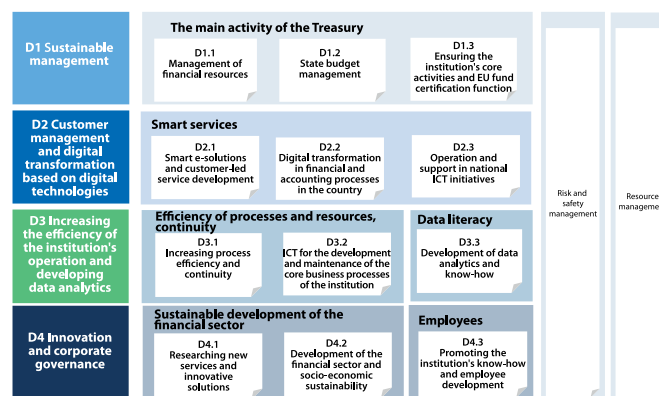
- 1) principles of sustainable development;
- 2) modern services and technologies;
- 3) further digital transformation of processes.

Figure 1. Operational Strategy Framework of the Treasury



## Development framework and strategic priorities

Figure 2. Treasury Development Framework



## Sustainability

Based on the UN Sustainable Development Goals, when planning the development of services and functions, the Treasury puts a special emphasis on sustainability aspects, determining the sustainable development goals in the management of financial resources, the management of the State budget, and the management of the institution's support processes and EU Funds.

Figure 3. Treasury Sustainability Framework

Green thinking (Environment)	Investing in the digital literacy of customers and employees	Corporate governance
<ul style="list-style-type: none"> <li>- Contribute to achieving sustainability goals:</li> <li>• in the principal activity of the institution;</li> <li>• with developed solutions;</li> <li>- promote energy efficiency and a modern working environment model.</li> </ul>	<ul style="list-style-type: none"> <li>- To be ambassadors, showing customers the power of modern technology and data usage;</li> <li>- promote the development of digital skills of employees.</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure good corporate governance practices;</li> <li>- zero tolerance level towards violations in the field of ethics, fraud and corruption.</li> </ul>



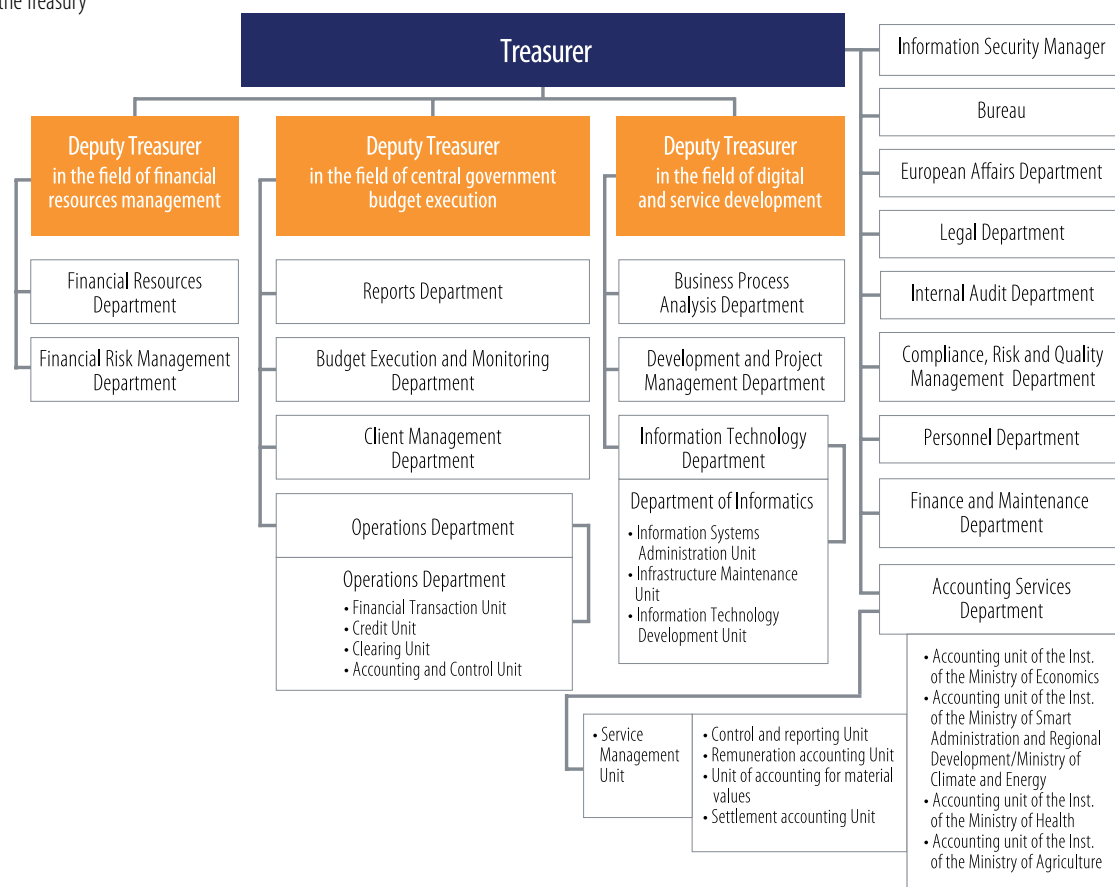
## Structure and its Changes

A major change in the functioning and structure of the institution has been implemented to provide centralised accounting and personnel management information system services to the public administration by reorganising the structure of the Accounting Service Department. As part of the centralisation of accounting specialists in the Treasury for ministries and their subordinate institutions, the Treasury started providing accounting services to 31 more institutions from January 2025 (in total, the Treasury already provides the service to 42 institutions).

For the successful fulfilment of functions and tasks and adoption of a single decision, the following committees operated in 2024:

- 1) Audit Committee;
- 2) Credit Committee;
- 3) Crisis Management Committee;
- 4) Quality and Risk Management Committee;
- 5) Debt and Funds Management Committee;
- 6) Resource Liquidity Committee;
- 7) Management Committee;
- 8) Accounting Committee.

Figure 4. Structure of the Treasury



# Activities of the Treasury in 2024

## 1. Accomplishment in the Implementation of the Central Government Budget

### *Goal of the Operational Direction*

**To ensure the effective and economic implementation of the central government budget and conformity of the services provided by the Treasury to financial management best practice.**

### 1.1. Organisation and Enhancement of the Implementation of the Central Government Budget

Within the framework of the State financial management cycle, the Treasury organises the implementation of the central government budget, sets the requirements for the accounting and bookkeeping of the general government and performs the financial accounting of the central government budget. The execution of the central government budget is organised within a single funds account, which is recognised in global practice as the most effective financial management method.

The Treasury provides budget execution services to customers in the form of electronic services: it awards assignments and grants from the general revenue, provides payment services, prepares State and municipal budget execution and financial reports, as well as provides information to institutions administering budget payments on taxes, fees paid and other State budget revenue.

#### Granting and Execution of Assignations

In 2024, to ensure the execution of the State budget implementation, the Treasury granted assignments in the amount of EUR 16 468.4 million: EUR 11 796.6 million for the basic budget and EUR 4 671.8 million for the special budget. Assignations were granted to 166 central government budget institutions in 2289 basic budget and special budget expenditure accounts.

#### Automation and Digitisation of the Analysis of the Implementation of the Central Government Budget

Instruction No. 2 of the Cabinet of 10.04.2018 "Instruction on Analysis of the Central Government Budget Implementation" stipulates that ministries shall provide the Ministry of Finance with information on the progress and deviations from the planned central government and special budget execution, as well as on the fulfilment of performance indicators, earmarked funding and priority measures. In 2024, the Treasury digitised four

of the five annexes included in the Instruction (the submission of results and performance data will be digitised in 2025). In the future, budget execution analysis data will be submitted and stored in a single database, allowing for automated processing of the data provided, better quality data and faster analysis of budget execution. The explanatory notes to the 2025 State Budget Execution Analysis will be submitted via the Treasury e-services portal:

1) Until now, ministries, central state institutions and their subordinate institutions have submitted explanatory notes on the implementation of the central government budget in different *MS Office* (Word, Excel) files, creating an administrative burden in their compilation and analysis. The information was available to the Ministry of Finance, the relevant authority and the industry, but not to other stakeholders and the public. The Ministry of Finance published the forms to be filled in on its website, which were filled in by the institutions and sent by e-mail. In its audit, the State Audit Office also expressed the opinion that information technology tools should be used to the extent possible to facilitate the collection of information from the institutions and called for consideration to be given to making the analysis of budget execution publicly available. In line with the directions set out in the "Digital Transformation Guidelines 2021–2027" and in order to reduce the manual work and administrative burden of the institutions, it was decided to digitise and automate the preparation, submission and compilation of information for the analysis of the execution of the central government budget;

2) In 2024, the Treasury developed a temporary solution for collecting information on the state budget execution analysis in the *ePārskati* system — Annex "Explanatory note on the state budget execution in 12 months", Annex "Execution of state social benefits, retirement pensions, state support for social insurance, state special budget social benefits and contributions to state pensions, disability insurance and unemployment insurance", Annex "Execution analysis of earmarked funding" were introduced.

In accordance with the Law on Freedom of Information, the Treasury publishes 10 datasets in the open data portal to provide users with relevant data on the central and local government budget execution and financial data. Publishing data ensures its accessibility, builds public trust and enables public authorities, researchers, businesses, and other stakeholders to analyse and use it for a variety of purposes, such as decision-making, research and innovation.

In 2024, the structure and scope of the information provided in the open data portal will be improved based on user experience research. Changes have been made to the structure

of the open data set "State Budget Implementation by Institution, Budget Programme/ Sub-programme and Classification Code" to include additional information and provide data at the lowest level of economic classification codes on an annual basis from 2018 onwards. A new data set in the open data portal "State basic and special budget revenues", including the detailed implementation of state budget revenues and "Quarterly financial data of state and local governments", has been created and published.

An internal chatbot of the institution has been created — "Your assistant in accounting issues", in order to streamline the operation of accounting methodology — it provides support in preparing answers in the field of accounting records and reporting, and helps employees navigate the binding laws and regulations, guidelines and documents.

#### Customer and Counterparty Analysis

In the provision of financial services, it is important to receive and analyse information on customers and counterparties, their activity and implemented transactions. At the same time, the risks related to financial crime need to be identified and managed. The Treasury controls the provided financial services, by enhancing the internal control system of the institution according to the requirements of the international and national sanctions, anti-money laundering, counter-terrorism financing, as well as anti-fraud and anti-corruption requirements. The monitoring of the liabilities and transactions of customers and partners is ensured, as well.

With the aim of achieving a high reputation and the implementation of safe State financial management, the Treasury implements measures enabling the prevention of service provision to sanctioned persons or the beneficial owners thereof. Within the competence of the institution, the signs of suspicious and unusual transactions are detected in which proceeds of crime or funds related to terrorism financing might be involved. To this effect, an automated payment screening tool is used that ensures the online screening of incoming and outgoing payments against sanction lists, preventing circumvention of the set sanctions, also providing notifications on transactions with high-risk countries.

The amount and scope of the sanctions set by the European Commission and the USA materially increased the number of enhanced payment due diligence checks at the Treasury in order to comply with the laws and regulations and to prevent possible attempts to circumvent the sanctions. In response to the growing cyber security threats in Europe due to Russian military aggression, the Treasury has improved its business continuity plan and carried out appropriate tests.

# Activities of the Treasury in 2024

## 1. Accomplishment in the Implementation of the Central Government Budget

### 1.2. Accounting and Reporting

By using central government budget implementation data and summarising accounting data of central and local government institutions, the Treasury prepares monthly and quarterly budget implementation reports, as well as a consolidated economic year report of the Republic of Latvia, which is audited by the State Audit Office. The opinion of the State Audit Office certifies the completeness and reliability of the information contained in the reports. The reports prepared by the Treasury and those received from authorities are available on the Treasury's website.

By way of ensuring the compliance of the financial reports of the public sector of Latvia with internationally recognised best practice and promoting the credibility and comparability of Latvian financial data with other countries whose financial reports are prepared in accordance with IPSAS, the Treasury assessed the compliance of Latvian laws and regulations on accounting and annual reporting with the 2022 version of IPSAS. Advice has been received on accounting for financial instruments and provisions for employee post-employment benefits. A decision has been made to apply the changes to IPSAS, except for IPSAS 41 and 39, from 2030, by amending the accounting and annual reporting laws and regulations.

In 2024, EUROSTAT carried out an assessment of the level of accounting maturity in the public sector compared to IPSAS in the EU Member States. The Treasury's role as a policymaker in public sector accounting has ensured that Latvia ranks alongside Estonia and France in the top rankings.

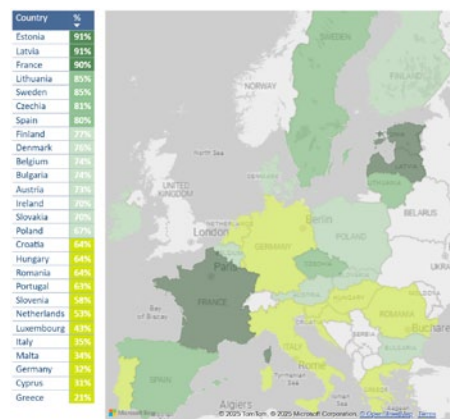


Figure 5.  
EUROSTAT assessment of  
accounting records under  
IPSAS in EU Member  
States (%)

To improve public finance management, the Treasury developed and the Cabinet adopted amendments to the Cabinet Regulation "Procedures for Preparing Quarterly Financial Report". The Regulation puts in more detail how derived public entities partially financed from the State budget and institutions non-financed from the budget submit their quarterly financial reports to the Treasury. It also sets out how ministries, central public institutions and local governments compile financial reports about the capital companies where the capital shares are held by them, ensuring consistent data submission and management. The Treasury drafted and the Cabinet adopted amendments to Cabinet Regulation No. 756 "Procedures for Preparing General Government Budget Deficit and Debt Notification", specifying the amount of information and the deadlines for the Ministry of Finance and the Treasury to provide data to the Central Statistical Bureau, improving data flow. The changes contribute to the quality of financial data and efficient budget management through modernised data exchange between the institutions involved.

In order to make the information on public sector budget execution data more accessible, transparent and easier to understand for the public and users, the Treasury makes available a monthly overview of the execution of the consolidated general budget in the "Reports" Section of the website, both in the form of reports and visually in the form of graphs and charts. The "Daily Reports" Section shows visualisations with the latest data on the previous day's state budget execution figures. The visualisation demonstrates the progress of budget implementation, allowing for the more timely detection of deviations and a more in-depth focus on specific implementation items. This approach promotes transparency, facilitates interpretation and enhances public understanding of public finance management.

### 1.3. Services of the Treasury

The Treasury's *E-services Portal* ensures easy user authentication with electronic identification means supported by *Latvija.lv*, uniform navigation between e-services and a modern design meeting the requirements of usability. Replacement and modernisation of the authorisation system of the Treasury *eServices Portal* is taking place for the purposes of expanding the set of systems to be provided with unified authorisation and reducing maintenance costs.

In order to gradually introduce the submission of applications for all types of Treasury services (account administration, payment services, reporting services, borrowing

services, accounting services, etc.) in the *eServices Portal* in a structured data format, thus ensuring significantly more efficient data processing and significantly reducing staff workload in data processing, as well as significantly reducing the number of incorrectly submitted service applications, core functionality has been developed in 2024, as well as disclosures in the annual accounts and the reconciliation process have been improved.

#### Institutional Reports (ePārskati)

The service *ePārskati (eReports)* is provided for managing financial and budget execution data of budget authorities. The submitters sign the budget institution monthly, quarterly and annual reports, as well as information to other sectors for supervising the central government budget funds or compiling information electronically online in the *ePārskati* system, thus ensuring the mutual saving of administrative and time resources. In 2024, 4102 unique users were registered in *ePārskati*.

In 2024, the compiling of information for the needs of the Ministry of Foreign Affairs has been introduced in *ePārskati*, ensuring the preconditions for Latvia to become an official member state of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). The information ensures the transparency of Latvia's development cooperation and the results of the granted aid.

#### Plans and Estimates (ePlāni (ePlans) and eTāmes (eEstimates))

Ministries or their subordinate bodies use the service *ePlāni* to prepare, approve and submit financing plan projects to the Treasury, based on which the Treasury issues allocations and grants from the general revenue. In 2024, 1877 users were registered, and 2289 basic budget and special budget financing plans were processed in *ePlāni*.

The service *eTāmes* ensures a single, centralised environment for all central government budget institutions for entering and signing the estimates of the budgetary programmes, sub-programmes and events. In 2024, 2289 basic budget and special budget estimates were processed. In 2024, 917 users were registered in *ePlāni* and *eTāmes*.



## 1. Accomplishment in the Implementation of the Central Government Budget

Within the framework of the Recovery and Resilience Mechanism project, the Treasury developed the Institutional Level Planning functionality, which, starting from 2025, will be used by all public administration institutions for the preparation and submission of budget estimates (Cabinet Instruction No. 8 "Instruction on State Budget Estimates" has been amended), and, starting from 2025, institutions receiving the accounting and personnel management information system service are expected to use this functionality for institutional budget planning and monitoring of its implementation. The Institutional Level Planning functionality is designed to automate the budget planning and execution processes within an authority, monitoring them to the detail required for each authority. With the launch of the functionality in early 2025, the information system is expected to be used in test mode in 2025.

### Borrowings (*eAizņēmumi* (*eBorrowings*))

The service *eAizņēmumi* provides the possibility to apply remotely for receiving a State loan, electronically process a loan application, submit a loan disbursement application within the framework of the concluded State loan agreement, remotely manage the loan, apply for early loan repayment, as well as electronically generate and sign the agreement. In 2024, 564 users were registered in *eAizņēmumi*.

In 2024, an automated solution has been developed, whereby the obligations assumed by local governments under State loans issued by the Treasury are automatically reported in the *eAizņēmumi* system at the current interest rate of the State loans. The implemented solution ensures that when applying for a new State loan, local governments will not be required to manually indicate the amount of the State loan liabilities entered into with the Treasury and will be updated on the basis of information in the Treasury's accounting system SAP, including that the liabilities entered into and to be covered after the interest rate fixation period will be recalculated each time at the current interest rates.

In order to reduce manual activities, the process of monitoring borrowers has been revised and simplified by automating the extraction of various data from the relevant registers, as well as the process of uploading and publishing interest rates on State loans has been revised by automating the uploading of interest rates on the State loans determined by the Treasury into the SAP system and the publication of interest

rates on the State loans on the Treasury's website. These changes both improve the flow of data from the original data source to the inventory and information sites and eliminate the possibility of manual errors.

### Payments (*eKase* (*eTreasury*))

The Treasury ensures the State budget payments by using the service *Payments* and its online data exchange module. Within the framework of the service, the Treasury provides customers with the possibility to execute payment orders, see payment order execution results, as well as receive financial information: account position (balance), account turnover extracts and a summary of revenue and expenditure or resources for covering expenditure. In 2024, 7304 users were registered in *eKase*.

The online data exchange module of *Payments* ensures automated information exchange on payment data (payment status statement and account statement) between the Treasury and the customer.

Automated payment processing, adapting the process to the planned changes in the Bank of Latvia's Electronic Clearing System service, so that payments submitted by customers reach the payee faster and payments received in customers' accounts are booked faster. As of 17 June 2024, the participation of the Treasury in the improved Electronic Clearing System of the Bank of Latvia with 15 clearing cycles per day has been successfully ensured.

Facilitating the digital development of the financial sector and the state administration, ensuring innovative and swift settlements for public service recipients, in 2022, the Treasury already joined the instant (flash) payment infrastructure maintained by the Bank of Latvia with incoming payments. Thereby, the settlement of accounts between the public and the State is ensured within seconds 24 hours a day, on weekends and public holidays as well. In 2024, 46.4% (~2.98 million) of the payments coming into the central government budget will be transferred as instant payments. In 2024, the Treasury completed the introduction of outgoing instant payments, thus smoothing the workload of the systems around the clock and reducing the workload of staff in processing payments and sending them to the bank for execution. Meanwhile, citizens and businesses receive payments from their Treasury accounts at lightning speed, such as tax refunds, benefits and payments

for services provided to the public administration. The share of outgoing instant payments from 2 April 2024 to the end of the year in the total number of outgoing Single Euro Payments Area (SEPA) payments reached 32.1%.

### Payment cards tied to the Treasury's accounts

In cooperation with AS Citadele Banka, the Treasury provides the possibility for State and municipal authorities to make payments with the payment cards tied to the Treasury's accounts. The payment card service is intended for performing official travels, business trips of employees and operating expenses. In 2024, 112 authorities used the service of payment cards tied to the accounts of the Treasury, and 841 cards were issued in total.

### Acceptance of payment cards when collecting central government budget payments

The Treasury, via AS Citadele banka, ensures an acceptance service of payment cards to State and municipal authorities by providing for the possibility to pay for the services provided by it using *VISA Electron*, *MasterCard* and *Maestro* payment cards in a payment card acceptance terminal or another alternative system. In 2024, the service provided by the Treasury was used by 80 customers. In 2024, in 1 236 payment card terminals installed in State and municipal authorities, 985 527 transactions were performed for a total amount of EUR 27 494 656.

### *eRēkini* (*eInvoices*)

Support has been provided to the Ministry of Finance in drafting amendments to the *Accounting Law* on the obligation to present supporting documents as structured electronic invoices, exceptions and implementation deadlines, as well as in promoting productive e-invoicing in the public sector from 2025 (almost 30% of Treasury invoices have already been submitted as e-invoices in 2024).

## 1. Accomplishment in the Implementation of the Central Government Budget

### 1.4. Performance Indicators of Operational Targets

The targets and indicators of the operational direction are achieved.

Performance indicators of operational targets in the implementation of the central government budget

Result	Performance indicator	Numerical values of the performance indicator in 2024	
		Planned	Implemented
1. Outgoing instant payments introduced <sup>1</sup> .	1.1. Number of outgoing instant payments (% of total outgoing SEPA payments).	10	32.1
<i>The indicator is met. The indicator was achieved due to the successful implementation of changes in the SAP ERP system and the development of new additions to the Zibsnis system for the exchange of outgoing payment messages with the Bank of Latvia's instant payment service. The maximum outgoing instant payment amount in 2024 was EUR 10 000.</i>			
2. New open-source technical solutions introduced or existing commercial software products replaced with open-source technical solutions <sup>2</sup> .	2.1. Number of open-source technical solutions introduced.	1	1
<i>The indicator is met. Replacement and modernisation of the authentication/authorisation system of the Treasury eServices Portal has been implemented.</i>			
3. Understanding of industry and technology developments and their impact on Treasury development.	3.1. Studies on innovative industry and technology solutions and opportunities have been carried out.	2	5
<i>The indicator is met. Research on the use of artificial intelligence and other tools for auditing big data audits was conducted. The possibilities of using a multi-currency account in the liquidity management of foreign currency accounts were assessed. The possibilities of applying the exchange method to public debt management were assessed. The institution's internal chatbot "Your Accounting Assistant" was created.</i>			
4. Digital literacy workshops/events organised for customers regarding the services provided by the Treasury.	4.1. The number of digital literacy workshops/events for customers is not less than the indicated value.	1	1
<i>The indicator is met. Training on the preparation, submission and acceptance of information in the ePārskati system of Cabinet of Ministers Instruction No. 2 of 10.04.2018 "Instruction on Analysis of State Budget Execution" for pilot ministries and responsible staff of the Ministry of Finance and the Ministry of Economics on the preparation of sectoral information.</i>			

<sup>1</sup> Money transfers 24 hours a day, seven days a week, 365 days a year, including public holidays, with customer payments processed in seconds.

<sup>2</sup> For example, the replacement of existing commercial database management systems or application servers of Treasury information systems with open-source or the introduction of new systems based on open-source technologies, replacement of existing commercial authentication systems with open source, new open source-technical solutions for data publishing, visualisation and infrastructure containerisation).

### 1.5. Steps Planned for 2025

In 2025, the Treasury will organise a customer satisfaction survey on the work and services provided by the Treasury, analysing customer needs and requirements for service improvement.

The Treasury will continue the developments in introducing *ePieteikumi*, which will enable customers to apply for services in the *ePakalpojumi* portal of the Treasury, significantly streamlining the data processing process and materially reducing the staff workload in processing these data, as well as materially reducing the time for handling applications and the number of incorrectly submitted service applications.

According to the amendments to Section 30 of the *Law on Budget and Financial Management*, changes are provided for in the process of the preparation and submission of the consolidated reports of ministries: derived public entities partially financed from the State budget and institutions non-financed from the budget that are subordinated to ministries will henceforth submit their reports to the Treasury, excluding the involvement of the ministry. This means that the Treasury will also provide advice to these entities (52 new customers) on transaction accounting and reporting issues, without the involvement of ministries.

The development of the *ePārskati* service, taking the willingness of customers (compilers of reports) to import data from accounting software into account, thus automating the completion of reports, is planned to ensure data import for all reports submitted to *ePārskati* during 2025 and 2026, thus eliminating manual work, reducing the risk of errors and reducing the time spent on the preparation of reports.

## 1. Accomplishment in the Implementation of the Central Government Budget

The Treasury will finalise the development of the monthly report on the execution of the consolidated general budget in order to improve the presentation (visualisation) of data on the Treasury website in line with international best practice, to make the information on the execution of the public sector budget more user-friendly and transparent, providing the possibility to filter and analyse data in different sections, thus expanding the possibilities of data analysis for decision-making, as well as more transparent publicly available information on budget execution indicators of different budget institutions, tailored to different needs — possibility to filter and compare data for several institutions, periods and indicators at the same time, reducing the manual work for preparing such analysis.

In 2025, the Treasury will complete the automation of outgoing and incoming SEPA Electronic Clearing System payments, thus ensuring the faster transmission of customer payments to the payee's payment service providers.

The Treasury plans to conduct research on a secure infrastructure to enable future analysis of the State budget execution data using artificial intelligence solutions. Such an infrastructure is necessary because the State budget execution data contain sensitive information, the processing of which must be subject to an appropriate level of security.

# Activities of the Treasury in 2024

## 2. Accomplishments in Central Government Debt and Cash Management

### Goal of the Operational Direction

**To ensure the timely availability of cash for financing requirements at the lowest possible debt servicing cost, while hedging financial risks and at the same time contributing to the development of the domestic financial market.**

### 2.1. Operational Principles and Development Trends

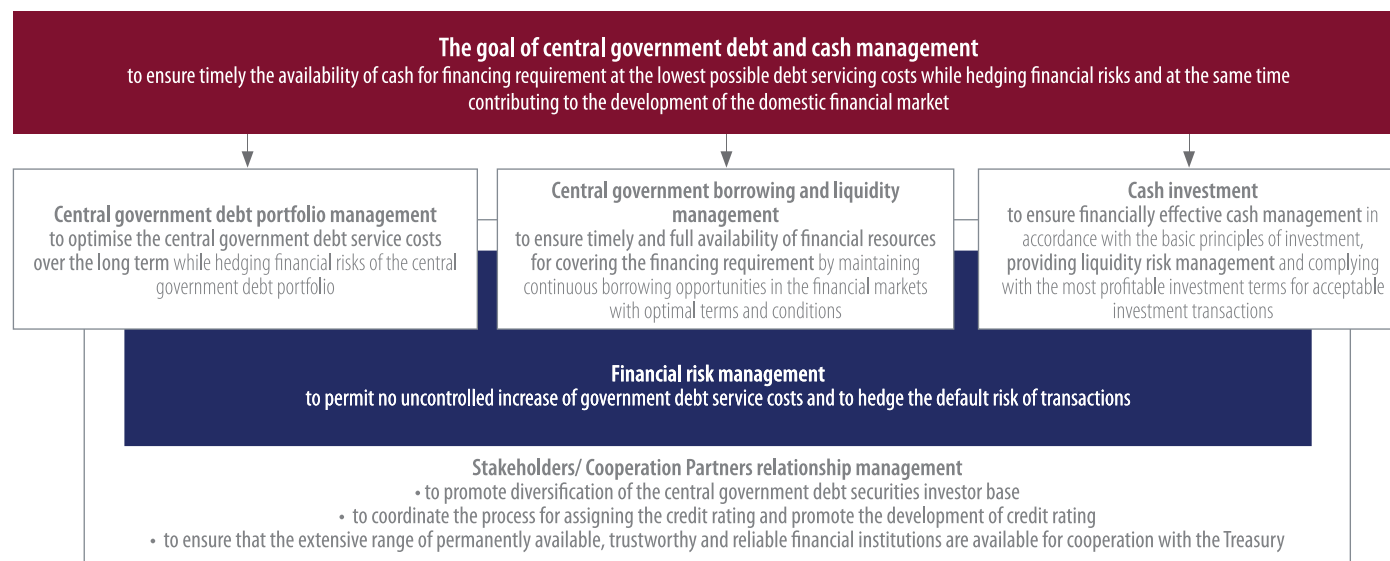
In 2024, the activities of the Treasury in the field of central government debt and cash management were determined by the Central Government Debt and Cash Management Strategy approved by the Minister for Finance (see Figure 6).

In the field of central government debt and cash management, the Treasury acts in accordance with the following priorities:

- 1) ensure borrowing in the international financial markets with public issues of medium-term and long-term government debt securities by retaining flexibility in relation to choosing the time and instruments of loans in order to ensure the raising of resources on favourable terms;
- 2) promote the liquidity of sovereign debt by ensuring a continuous and regular supply of sovereign securities through auctions by primary dealers;
- 3) maintain a regular supply of savings bonds at interest rates in line with the current financial market situation, maintain and develop the savings bond distribution channel and take measures to stimulate retail demand for savings bonds;

- 4) ensure safe and financially effective cash management;
- 5) ensure the diversification and expansion of the range of government security investors through regular and continuous dialogue and long-term work with the investor community and counterparties, facilitating the active participation and competition of investors from various global regions in the primary placement of central government debt securities;
- 6) coordinate the process of determining the credit rating of the country, by providing the credit rating agencies with an objective and consistent view of the situation in Latvia in cooperation with the involved institutions, as well as maintaining active communication with the credit rating agencies in order to promote the positive development of Latvia's credit rating;
- 7) maintain and develop long-term cooperation with the existing and new counterparties, ensuring a sufficient range of counterparties for the performance of financial transactions.

Figure 6. Central Government Debt and Cash Management Strategy

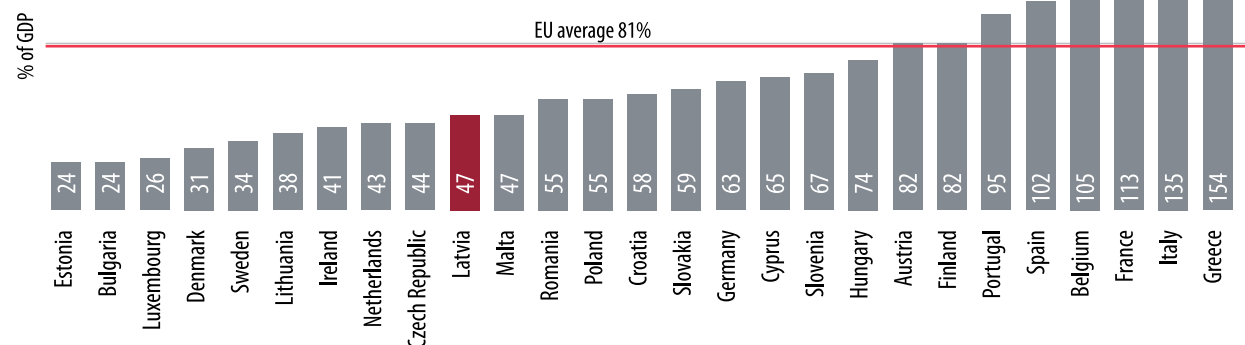


## 2. Accomplishments in Central Government Debt and Cash Management

### 2.2. Central Government Debt Indicators

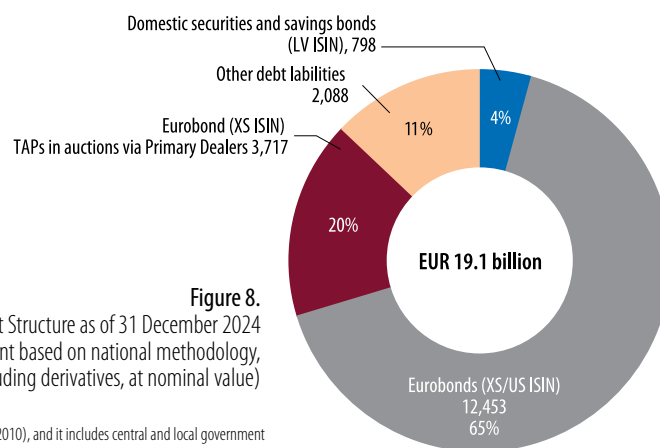
At the end of 2024, Latvian general government debt<sup>4</sup> accounted for 46.8% of GDP. Latvian general government debt is increasing, but still remains one of the lowest of the EU member states, and is also below the average indicator in the EU (see Figure 7).

**Figure 7.**  
General government debt as of 31.12.2024  
(% of GDP) according to the ESA 2010 methodology<sup>3</sup>  
(Source: EUROSTAT)



The level of general government debt is mainly affected by central government debt<sup>4</sup>, which, at the end of 2024, according to the operational data of the Treasury, comprised EUR 19.0 billion (at nominal value with the result of the derivative financial instruments), growing by EUR 1.4 billion since the end of 2023. Eurobonds issued in financial markets account for the largest share (85% of total central government debt) in the composition of central government debt (see Figure 8).

**Figure 8.**  
Central Government Debt Structure as of 31 December 2024  
(million EUR and % of the total amount based on national methodology, excluding derivatives, at nominal value)



<sup>3</sup> The general government debt is evaluated according to the common methodology of the European System of Accounts (ESA 2010), and it includes central and local government consolidated debt, debt liabilities of companies classified in the general government sector and other liabilities according to ESA 2010 methodology requirements.

<sup>4</sup> The central government debt, based on national methodology, is comprised of the debts of public bodies, incorporating State-issued debt securities, borrowings, savings bonds, customer deposits, and balances of current accounts placed in the Treasury.

<sup>5</sup> Further information and data is available in the *Central Government Debt Management Report 2024*

### 2.3. Borrowing Measures in 2024

Flexibly adapting to the current financial market situation, which in 2024, as in previous years, was characterised by high volatility and uncertainty influenced by various factors – geopolitical tensions and hostilities in different regions of the world, political events and other factors – the Treasury diversified its borrowing instruments in 2024, providing resources to cover the overall financing needs (financing the

central government budget deficit, central government debt repayments, central government borrowing) in a timely manner and at optimal central government debt servicing costs. The necessary resources were raised through bond issues on international financial markets, auctions of additional issues of outstanding bonds through primary dealers and savings bonds from private individuals<sup>5</sup>.

Under the circumstances of uncertainty of the global financial market or rapidly changing situation, the timing of borrowing for issuers is largely determined by the use of particular, often quite short-term, most beneficial moments when financial markets have slightly stabilised and investors become better disposed towards making new investments. The Treasury's activities in international markets in recent years have been aimed at taking advantage of such favourable borrowing moments in order to raise resources on the most favourable possible terms to cover its total financing need. Also, in 2024, the Treasury maintained as much flexibility as possible in its borrowing operations, diversifying its borrowing instruments and using the most appropriate moment for Eurobond issue.

In May, Latvia's strategic return to the US dollar market as an issuer after a 12-year hiatus was secured with the issuance of a 10-year benchmark bond of USD 1.25 billion on financially favourable terms. The transaction was based on strategic considerations: to diversify and expand the investor base, diversify borrowing opportunities and provide a reference point for future issues of Latvian government securities in this market. In order to fully eliminate the currency risk, a currency swap was entered into simultaneously with the issuance of these bonds, resulting in an effective interest rate on these bonds after the swap below the level of the cost of borrowing in euro for a similar maturity.

In September, borrowing in the euro capital market was carried out through the 7-year bond issue of EUR 600 million. Demand for these bonds was the highest to date for a Latvian sovereign EUR-denominated issue, and the number of investors was one of the largest ever.

As before, the investor base for the issues of Latvian government securities in 2024 mainly consisted of banks, international financial institutions and asset managers from the USA and European countries – Germany, Austria, the UK, Ireland, etc. For borrowing in international financial markets, since 2014, the Treasury has been using the legal framework of external government securities (Eurobonds)



## 2. Accomplishments in Central Government Debt and Cash Management

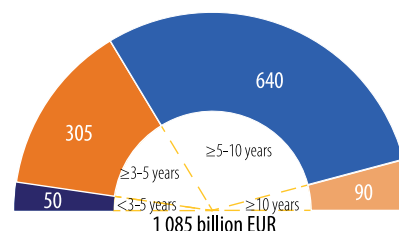
documentation GMTN (Global Medium Term Note programme), which allows the Treasury to efficiently exploit favourable conditions in international financial markets, as well as issue government securities in different currencies.

In 2024, the Treasury held regular auctions via primary dealers, offering investors additional tranches of outstanding Eurobonds originally issued on international financial markets, maturing between 2027 and 2036. The Treasury concentrated its securities offerings in auctions on such maturities of securities that provided the strongest investor demand and the most favourable borrowing conditions under the relevant financial market circumstances. Primary dealers – credit institutions that have entered into a primary dealer agreement with the Treasury (AS Citadele banka, Luminor Bank AB, AS SEB bankas, AS Swedbank and Erste Group Bank AG) are taking part in government security auctions.

The amount of resources raised through auctions of additional bond issues in circulation via primary dealers in 2024 amounted to EUR 1.085 billion, similar to the amount of funding raised through auctions in 2023. The Treasury, via auctions, offered additional issues of Eurobonds in circulation issued on international financial markets of various maturities. This approach improves the liquidity of securities and also facilitates secondary market trading. Since the additional issues of Eurobonds have been offered at auctions, the interest of international investors in Latvian government securities has increased, allowing them to raise resources at favourable interest rates.

Investor demand and the Treasury's offer in the 2024 auctions focused on securities with a remaining maturity of three to five years. In 2024, investor demand exceeded the volume sold in auctions by an average of three times, and in some auctions, by as much as 15 times. Investor demand exceeded EUR 366 million at the auction held on 23 October 2024, the highest demand ever seen in an additional Eurobond issue auction. With demand for liquid government securities remaining strong and interest rates at auction reflecting the downward trend in market rates, fixed yields at auction ranged between 2.790% and 3.724% (depending on maturity and market conditions).

**Figure 9.** Securities sold in auctions of additional issues of bonds in circulation through primary dealers in 2024, by remaining maturity (million EUR)

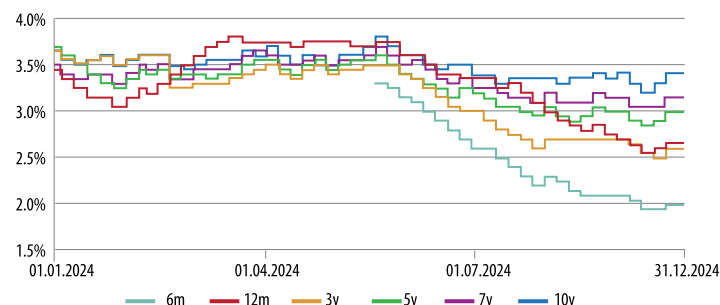


### 2.4. Savings Bonds

Savings bonds are government securities with a fixed interest rate available only to citizens of Latvia (private individuals), which have already been issued by the Treasury on behalf of the Republic of Latvia since 2013. Savings bonds are a good alternative to commercial bank deposits, offer a competitive yield compared to after-tax bank deposit rates, and provide a good deal for medium- and long-term investments. Savings bonds can be purchased by citizens at any time of the day at [www.krajobligacijas.lv](http://www.krajobligacijas.lv) by paying online. Savings bonds with maturities of 6 and 12 months, as well as 3, 5, 7 and 10 years, are available for investment.

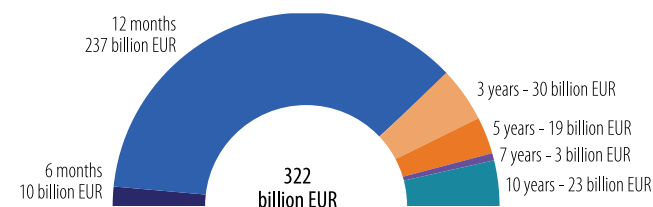
The amount of savings bonds held by the Latvian population reached EUR 322 million at the end of 2024, increasing by around EUR 70 million over the year. The amount of the savings bond issue in 2024 amounted to EUR 275 million, far exceeding the amount of savings bonds redeemed (EUR 206 million), with the number of investors at the end of the year exceeding 7900. In 2024, demand for savings bonds did not grow as fast as a year earlier, as 2024 was marked by a decline in overall EUR market rates, and savings bond rates reflected current financial market trends, in particular, the decline in short-term rates. Nevertheless, demand for savings bonds has been stable and resilient, reflecting the popularity of the savings bonds and the public's confidence in this instrument. The interest of the population in savings bonds is fuelled by interest rates in line with financial market trends, the possibility of receiving a tax-free fixed-interest income until the end of the investment term, the safety of investments guaranteed by the State, and the ease of purchasing savings bonds.

**Figure 10.** Savings bond interest rates in 2024 (%)



12-month savings bonds still remain the most popular in 2024, but increasing demand has also been observed for longer-term savings bonds as they offer investors the possibility to lock in favourable interest rates over the long term. Most investors re-invest in savings bonds, often increasing the size of their investment and opting for longer-term savings bonds as they provide the investor with a tax-free fixed-interest income each year until the savings bond matures. Following investor demand and feedback, the Treasury renewed its six-month savings bond offer in mid-2024. In the second half of 2024, more than 700 investors bought six-month savings bonds worth almost EUR 10 million.

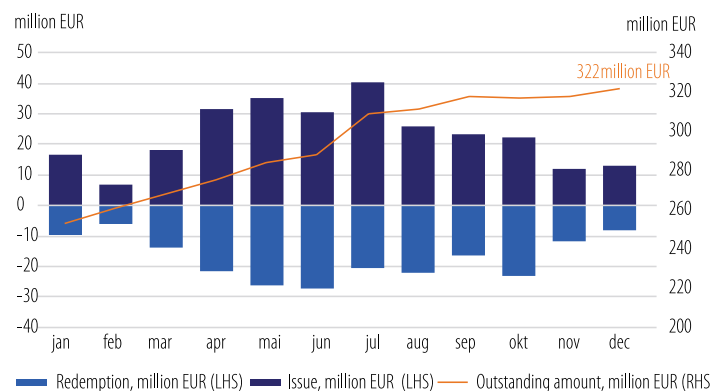
**Figure 11.** Savings bonds owned by investors as at 31.12.2024



**Figure 12.** The volume of savings bonds issue, redemption and the volume of savings bonds owned by private individuals in 2024 (million EUR)

## 2. Accomplishments in Central Government Debt and Cash Management

**Figure 12.** The volume of savings bonds issue, redemption and the volume of savings bonds owned by private individuals in 2024 (million EUR)



Following an analysis of investor behaviour, which showed that more than 60% of the redeemed savings bonds are reinvested, the Treasury, in cooperation with the savings bond financial agent *Nasdaq CSD*, in 2024, developed a technical solution for the automatic reinvestment of savings bonds, available to investors on the savings bond purchase website [www.krajobligacijas.lv](http://www.krajobligacijas.lv) from January 2025. With the new functionality, investors can easily reinvest in savings bonds without any additional settlement steps by selecting any available savings bond maturity.

In 2024, the full automation of savings bond transaction processing in the Treasury systems was completed, significantly streamlining internal processes related to savings bond servicing.

The Treasury, in cooperation with the Ministry of Finance, ensured public communication in the media, printed press, outdoor advertisements and social networks, promoting demand for savings bonds among the population. The communication campaign “Savings Bonds – Convenient, Safe, Profitable”, implemented in cooperation with the Ministry of Finance in 2023, received the award *International Public Relations Association Golden World Awards* in the category “Financial Services and Investor Relations” for Excellence in Public Relations Projects in 2024, being one of the most important awards in the public relations industry.

Although the volume of savings bonds owned by private individuals has not reached the level forecast in the Treasury’s operational strategy (downward trend in interest rates), the strategic objective has been achieved – the availability of savings bonds as an investment alternative to private individuals diversifies the range of investment products on the financial market, promotes the improvement of financial literacy of the population, as well as generally supports the achievement of the development objectives of the Latvian capital market, including by promoting the compliance of commercial banks’ offer with the current financial market situation.

### 2.5. Credit Rating of the Country and Counterparty Relationship Management

The aim of relationship management with collaborating financial institutions is to regularly ensure the widest, safest and most reliable range of partners possible for collaboration with the Treasury, which would ensure competitive terms for the performance of financial transactions. Therefore, the Treasury organises the regular preparation of analytical materials and operational provision of information to counterparties by implementing a set of targeted and structured communication measures.

In 2024, the Treasury ensured communication with counterparties, credit rating agencies and investors, by providing the most up-to-date information about the situation in the Latvian economy and finances, as well as the national borrowing strategy, thereby also ensuring the dissemination and explanation of information to the investor community, which decides on investments into government securities.

The national credit rating is a critical aspect in organising borrowing transactions, and a significant factor for the availability of financial resources, as it has an influence on the price of the raised financial resources. Based on Latvia’s credit rating and available information, including from the Treasury, investors decide whether to invest in Latvian government securities.

Within the scope of central government debt management, the Treasury organises the credit rating assessment of Latvia, using the three largest international credit rating agencies – *Fitch Ratings*, *S&P Global* and *Moody’s Investors Service*, as well as Japan’s credit rating agency *R&I*. Credit rating agencies not only review the credit rating of Latvia and its outlook every year but also assign a credit rating to

government securities. Once a year, the inter-agency working group led by the Treasury informs the Cabinet of the national credit rating of Latvia and the factors affecting it. In 2024, the Treasury provided regular, proactive, comprehensive information to the credit rating agencies on the situation in the country, to facilitate the agencies in making objective decisions on the credit rating of Latvia and the future development thereof.

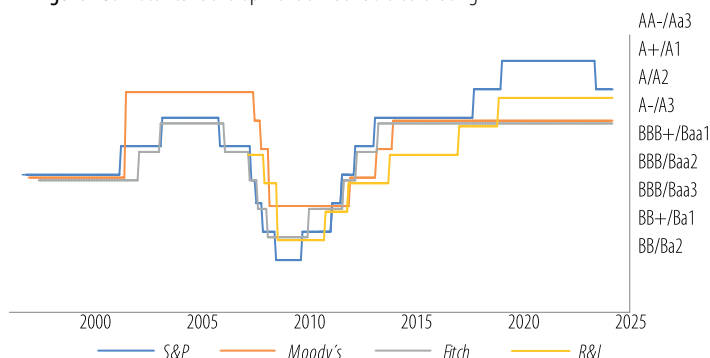
In 2024, Latvia’s sovereign credit rating remained firmly in the high, investment-grade “A” group. *Moody’s Investors Services* and *Fitch Ratings* have maintained Latvia’s credit rating at its current levels. *Moody’s* also maintained an unchanged (stable) credit rating outlook. On 15 November 2025, *Fitch Ratings* changed the outlook from positive to stable on the grounds that, in the medium term, given the impact of the geopolitical situation, the Latvian economy will grow more slowly in nominal terms than previously projected, resulting in a widening of the general government deficit over the medium term, leading to a gradual increase in the general government debt level. *S&P Global*, in turn, changed Latvia’s credit rating from A+ to A on 31 May 2024 and, accordingly, the forward rating outlook from negative to stable. The main arguments for downgrading Latvia’s credit rating were the impact of geopolitical risks on Latvia’s fiscal performance, economic growth and international competitiveness in the medium term, as well as the potential negative impact of increased defence spending on fiscal performance and economic growth recovery. The Japanese credit rating agency *R&I* maintained Latvia’s credit rating and its outlook (stable) without changes.

Latvia’s credit rating in group “A” is maintained by:

- 1) flexibility, resilience and adaptability of Latvia’s economy, and a stable external profile;
- 2) moderate central government debt to GDP and moderate debt servicing costs as compared to the average indicators of the countries with the credit rating group “A”;
- 3) reliability of the implemented policy and the capacity of the government, supported by membership in the EU and Eurozone;
- 4) moderate private sector indebtedness level;
- 5) the government’s ability to implement tight fiscal policies in previous years.

## 2. Accomplishments in Central Government Debt and Cash Management

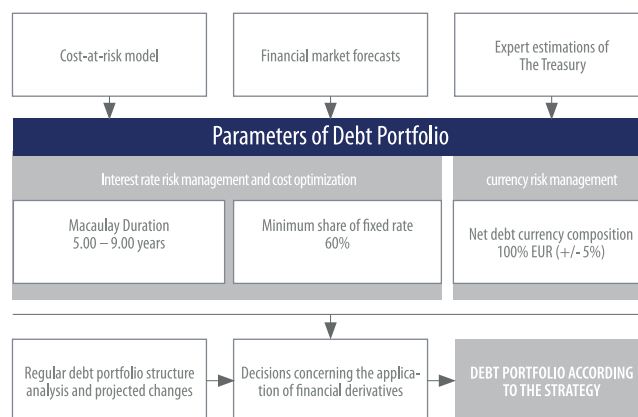
**Figure 13.** Historical development of Latvia's credit rating



### 2.6. Central Government Debt Portfolio Management

The goal of central government debt portfolio management is to optimise the central government debt servicing costs over the long term while hedging the financial risks of the central government debt portfolio. The Treasury assesses the debt portfolio structure parameters, as well as the need to change them on a regular basis. Based on the assessment of the Treasury's experts, financial market forecasts, as well as the results of modelling costs and interest rate risk, the weighted average fixed-period interest rate and fixed-rate ratio values that ensure an optimum balance between the costs and the interest rate risk (see Figure 16) are determined. Whereas for currency risk management, an optimal currency structure of net debt is determined and monitored by considering the financial market forecasts and the assessment of the Treasury's experts, and it allows compliance with the balance of assets and liabilities in foreign currencies, thus avoiding the impact caused by exchange rate fluctuations.

**Figure 14.** Basic principles of central government debt portfolio management



In 2024, all the indicators of the debt structure as defined in the Central Government Debt and Cash Management Strategy have been complied with (see Table 2).

In line with the Central Government Debt and Cash Management Strategy, the currency and interest rate swap has been closed with collateral, preventing credit risk for the purposes of a 10-year bond issue worth USD 1.25 billion made in May 2024. The Treasury introduced collateral management for derivatives more than 10 years ago, although no collateralised derivatives transactions have been entered into so far. Market practices, the legal framework for transactions and the capabilities of information systems have changed over the last 10 years, making it urgent to ensure that collateral management processes for entering into derivatives transactions are in line with market practice and to introduce significant changes in the valuation and accounting for derivatives transactions. Thus, in May 2024, the collateral management process for derivative transactions with daily reassessments started.

Given the continued period of relatively high interest rates on financial markets in 2024, central government debt servicing costs continued to increase, but the increase in the weighted average interest rate on the debt portfolio was very gradual given the borrowing at low long-term interest rates during the low-interest-rate period.

**Table 2.**

Compliance of the parameters of the central government debt structure with the parameters of the central government debt portfolio structure defined in the Central Government Debt and Cash Management Strategy

Debt portfolio parameters	Strategy		31.12.2023	
Maturity profile (%) of central government debt portfolio	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
	≤ 25%	≤ 50%	16.60%	34.00%
Share of fixed interest rate in the central government debt portfolio	≥ 85%		94.30%	
Weighted average fixed duration of the interest rates in years	5.00-9.00		5.69	
Net debt currency composition	100% (+/- 5%)		100.57%	

### 2.7. Cash Management

The Treasury implements cash management in accordance with the Central Government Debt and Cash Management Strategy approved by the Minister of Finance, ensuring liquidity risk management and considering the most favourable conditions for permissible investment transactions.

Cash management in 2024 was implemented under expressly fluctuating financial market conditions, which are mainly related to geopolitical and global economic factors. The European Central Bank, after the fastest interest rate hike on record in 2022, started a gradual reduction of benchmark interest rates<sup>6</sup> in June 2024. By the end of 2024, the overnight deposit facility rate, which has a direct impact on short-term money market transaction rates, was reduced by 1.00% to 3.00%. The Treasury maintained the reserve in accounts in the Bank of Latvia and the European Central Bank – the temporarily available funds were placed into short-term deposits, limiting financial risks as much as possible and ensuring the operative availability of liquid resources to cover the financing need.

<sup>6</sup> Main interest rate of refinancing operations, interest rate for overnight loan facilities, and the interest rate for overnight deposit facilities.

## 2. Accomplishments in Central Government Debt and Cash Management

### 2.8. Performance Indicators of Operational Targets

The target of the operational direction and one of the two performance indicators is achieved. Measures are in place to meet both performance indicators.

Table 3.

Performance indicators of the operational targets for central government debt and cash management

Result	Performance indicator	Numerical values of the performance indicator in 2024	
		Planned	Implemented
1. The volume of savings bonds owned by private individuals increased.	1.1. The volume of savings bonds owned by private individuals at the end of the relevant year, EUR million.	500	322
<p><b>The indicator is not met.</b> Despite the measures taken in 2023 and 2024 to stimulate demand for savings bonds (including public communication, marketing, improvement of the savings bond purchasing website, etc.), the downward trend in interest rates in 2024 had a negative impact on citizens' demand for savings bonds. Although the growth rate of the amount of savings bonds owned by private individuals is below the forecast level (the amount of savings bonds owned by private individuals reached EUR 322 million in 2024), the overarching objective and outcome of the strategy have been achieved, and the strategic objectives of savings bonds have been met: to provide an investment alternative for the population by diversifying the range of investment products on the financial market, to promote the development of financial literacy of the population, and to support the overall development objectives of the Latvian capital market. The numerical values of the performance indicator to be achieved in the next period have been fine-tuned in line with the margin of tolerance set in the strategy.<sup>7</sup></p>			
2. Offering of central government debt securities to a wider range of investors is ensured at least on a quarterly basis.	2.1. Minimum number of central government debt securities auctions per year that are open to a wider range of investors. <sup>8</sup>	1	7
<p><b>The indicator is met.</b> To cover the overall financing needs, additional issues of Eurobonds originally issued on international capital markets are regularly offered at auctions. The minimum purchase amount for Eurobonds issued from November 2023 has been reduced from EUR 100 000 to EUR 1 000, thus providing investment opportunities to a wider range of investors. Additional tranches of Eurobonds redeemable in January 2032 and May 2029 with a minimum purchase amount of EUR 1 000 were offered in seven auctions through primary dealers in 2024, so the performance indicator has been met.</p>			

<sup>7</sup> Operational Strategy of the Treasury for 2023–2026 (as amended on 4 March 2025).

<sup>8</sup> A deviation in 2024 is allowed if all parties involved in the offering have not reached full technical readiness for the launch of the issues or if circumstances arise that make the offering difficult or impossible (e.g., high uncertainty and volatility on financial markets, increased geopolitical tensions, etc.). However, a failure to meet the minimum number of auctions in 2025 and 2026 is allowed if it is influenced by the borrowing strategy for that year, insufficient investor interest to make an offer of government securities or other circumstances.

### 2.9. Steps Planned for 2025

In December 2021, Latvia was the first of the Baltic and Scandinavian countries to issue sovereign sustainable bonds, demonstrating its commitment to achieving the goals set for mitigating climate change consequences and ensuring climate neutrality, as well as in achieving social goals. In view of the development of sustainable financial instruments, the Operational Strategy of the Treasury for 2023–2026 provides for the introduction of sustainable, social or green government debt securities as a regular borrowing instrument, as part of an overall borrowing strategy (to the extent possible within an appropriate level of State budget expenditure). In 2025, a renewed inter-ministerial working group will update Latvia's framework for sustainable government securities to ensure readiness for a second Latvian sustainable bond issue.

In order to contribute to the achievement of the medium-term objectives for the volume of savings bonds owned by private individuals set out in the Operational Strategy of the Treasury for 2023–2026, the Treasury will continue the measures to develop and maintain the savings bonds service by ensuring the management of the public offering of savings bonds in line with the overall borrowing strategy, a convenient and secure option for purchasing savings bonds in line with modern digital service provision requirements, and implementing regular measures to stimulate and promote demand for savings bonds.

In the medium term, the Treasury will continue its digital transformation of central government debt and cash management, streamlining it with the help of information technologies and achieving an even higher level of digital maturity of the process for the more efficient, rational and effective use of time, human and information technology resources.

# Activities of the Treasury in 2024

## 3. Accomplishments in State Loan and Guarantee Management

### Goal of the Operational Direction

**To ensure the availability of financial resources (incl. long term) for candidates for State loans in the form of a State loan on financially favourable terms through quality service, and to ensure the State guarantee supervision process while limiting the credit risks of the State loans and guarantees.**

### 3.1. Description of the Situation and Development Trends

Section 36 of the Law on Budget and Financial Management defines the range of subjects and purposes eligible for a State loan, while the legal provisions of Section 37 regulate the provision of a State guarantee, *inter alia*, state the obligations for which a State guarantee may be provided. It is important for the Treasury to ensure the availability of financial resources for the implementation of economically significant investment projects co-financed by the EU on financially favourable terms, thus reducing the non-implementation of projects or freezing risks (e.g., due to insufficient financial flows), and the availability and quality risks of the services provided to citizens.

The Treasury grants and services State loans, *inter alia*, supervises the due fulfilment of the obligations according to Cabinet Regulation No. 888 of 21.12.2021 "Procedure by which Sectoral Ministries or Other Central Government Institutions Include State Loan Requests in the Annual State Budget Draft Law, and Procedure According to which State Loans are Granted and Serviced". In turn, according to Cabinet Regulation No. 391 of 8 July 2014 "Procedures for Including Requests for State Guarantees in the Annual Draft State Budget Law and Procedure for the Provision and Monitoring of Guarantees", the Treasury participates in the provision of guarantees on behalf of the State, as well as regularly analyses and monitors the financial situation of the implementers of the State-guaranteed projects.

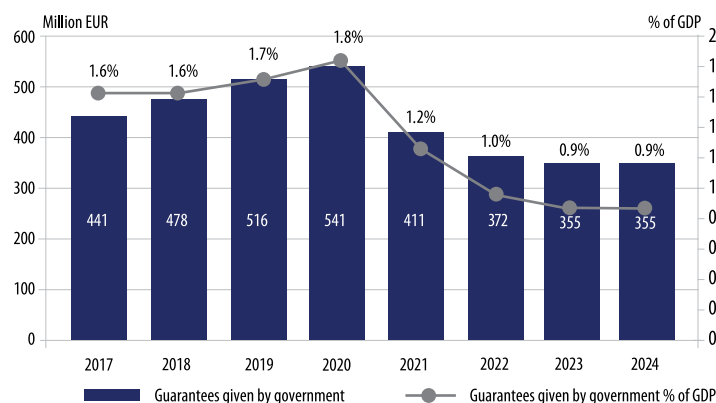
### 3.2. State-Issued Guarantees

The Law on the State Budget for 2024 and Budgetary Framework for 2024, 2025 and 2026 did not provide for granting new State-issued guarantees; however, it prescribed that, in line with the Law on Agriculture and Rural Development and Development Financial Institution Law, the State, in the amount of EUR 260.0 million, shall be liable for the guarantees issued by *AS Attīstības finanšu institūcija Altum*.

At the end of 2024, the amount of State-issued guarantees was EUR 539.7 million, comprised of the disbursed but not yet repaid part of the State-issued guarantee in the amount of EUR 355.1 million and the not yet disbursed but still available part of the State-issued guarantee in the amount of EUR 184.6 million. The total balance of the State-issued guarantees at the end of 2024 was EUR 355.1 million or 0.9% of GDP.

Figure 15.

Balance of State-issued guarantees as at 31 December 2024 (million EUR)

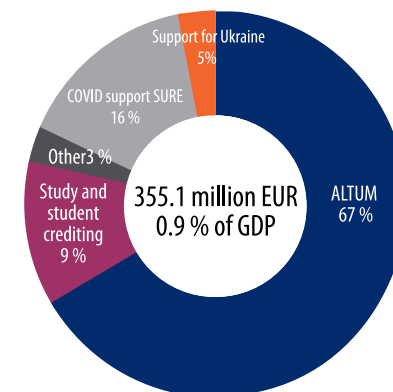


The State issued guarantee portfolio is comprised of guarantees to *AS Attīstības finanšu institūcija Altum* for the guarantees issued by it to credit institutions for farmers' borrowings (over-guarantees), guarantees to the European Investment Bank for loans issued by *AS Attīstības finanšu institūcija Altum* within the framework of the business competitiveness improvement support programme and crediting the development of small and medium enterprises of Latvia (EUR 239.4 million), guarantees for the crediting of studies and students (EUR 29.9 million), as well as, on the basis of the Law on Measures for the Prevention and Suppression of Threat to the State and Its Consequences Due to the Spread of Covid-19, a guarantee to the European Commission in the amount of EUR 57.1 million for Latvia's participation in SURE, and, on the basis of the Law on Assistance to Ukrainian Civilians, guarantees to the World Bank and the European commission for support to Ukraine in the amount of EUR 18.1 million and to LOK in the amount of EUR 1.1 million. In the future, it is

expected that an increasingly larger share in the State-issued guarantee portfolio will be comprised of support to small and medium enterprises and the implementation of other State support programmes.

Figure 16.

State-issued guarantee portfolio, by borrower on 31.12.2024



Despite the all-out Russian invasion of Ukraine, the still extremely high level of uncertainty and the geopolitical situation, these factors have not had a significant impact on the performance of guarantees issued on behalf of the State.

### 3.3. State Loans

The Law on State Budget for 2024 and Budgetary Framework for 2024, 2025 and 2026 prescribed the total increase of the State budget loans in the amount of EUR 334.5 million, including the total increase of the local governments' borrowings by EUR 198.7 million. The total public loan portfolio as at 31.12.2024 remained unchanged compared to 2023 at EUR 2 261.0 million.

In the State loan credit portfolio, the largest share is still made up of loans to local governments in the amount of EUR 1 862.8 million, which have increased by EUR 54.8 million compared to 2023.

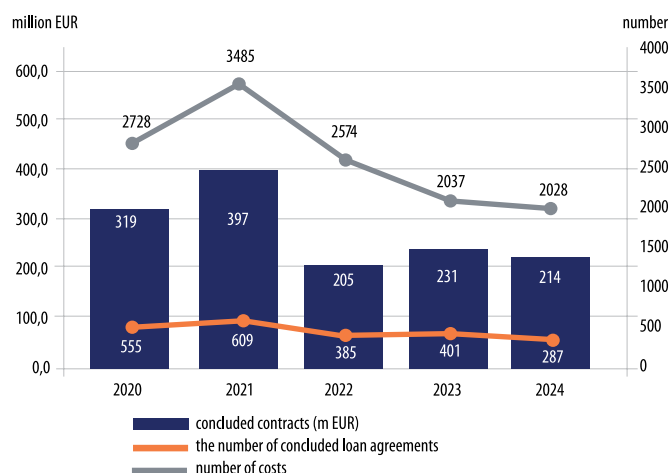


## 3. Accomplishments in State Loan and Guarantee Management

### 3.3.1. State Loans to Local Governments and Entities Managed and Funded by Local Government Bodies

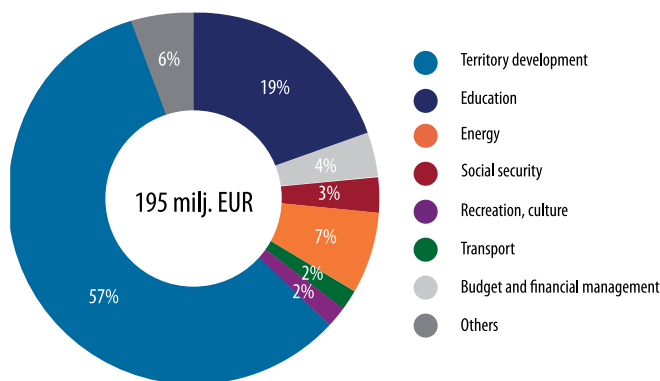
In 2024, 287 State loan agreements were concluded for a total amount of EUR 214 million, of which 220 loan agreements were concluded for a total amount of EUR 176.2 million for the implementation of EU projects, 58 loan agreements for a total amount of EUR 25.1 million – for the implementation of priority investment projects of each local government.

Figure 17. Dynamics of State loans to local governments (2020–2024)



State loans in the amount of EUR 196.4 million or 79.4% of the total amount of State loans were issued to local government bodies, incl. EUR 194.6 million for local governments.

Figure 18. State loans issued to local governments in 2024, by purpose



### 3.3.2. State Loans to Central Government Bodies

State loans in the amount of EUR 44.8 million (or 18.19% of the total volume of the state loans) are granted to economic operators controlled and financed by public bodies<sup>23</sup> – the state joint-stock company *Attīstības finanšu institūcija Altum* for the implementation of state aid programmes (small and medium enterprises, agriculture, start-ups, etc.).

### 3.3.3. State Loans to Non-Financial Corporations<sup>9</sup>

State loans in the amount of EUR 6.3 million or 2.5% of the total volume of State loans were granted to non-financial corporations, or local government capital companies for the implementation of projects co-financed by the EU, in order to ensure the provision of services of economic interest (implementation of heat supply, water supply and sewerage projects, etc.).

### 3.4. Steps Planned for 2025

The Treasury, in cooperation with the developers of technical solutions, developed an automated solution whereby the obligations assumed by local governments under State loans issued by the Treasury are automatically reported in the *eAizņēmumi* system at the current interest rate of the State loans. The implemented solution ensures that when applying for a new State loan, local governments will not be required to manually indicate the amount of the State loan liabilities entered into with the Treasury and will be updated on the basis of information in the Treasury's accounting system SAP, including that the liabilities entered into and to be covered after the interest rate fixation period will be recalculated each time at the current interest rates.

To promote the sustainable development of the financial market segment in Latvia and the move towards climate neutrality by achieving significant reductions in greenhouse gas emissions and the fair implementation of the European Green Deal while continuing on the path towards climate neutrality and the government-endorsed "Latvian Strategy to Achieve Climate Neutrality by 2050", the Operational Strategy of the Treasury for 2023–2026 sets a target of sustainable public lending for projects aimed at mitigating the negative impacts of climate change, with sustainable public lending accounting for at least 5% of all public loans issued in the current year under the general procedure in 2025. From 1 November 2025, in order to complement the analysis of climate change transition risks and to assess the volumes of financing for environmentally friendly measures, the submission of information to the Credit Register of the Bank of Latvia on any government loan issued, including sustainable government loans, will be launched.

<sup>9</sup> Institutional units which are independent legal entities and market producers whose main activity is the production of goods and the provision of non-financial services.

# Activities of the Treasury in 2024

## 4. Accomplishments in the Implementation of the Functions of the Certifying Authority of EU Funds and Foreign Financial Assistance

### Goal of the Operational Direction

**To organise and standardise the fulfilment of the functions of the Certifying Authority in a manner that ensures compliance with the requirements of the Granting Authorities and regulatory enactments of the Republic of Latvia, the timely receipt of funds from the Granting Authorities, and minimises the risk of ineligible expenditure being declared.**

### 4.1. Description of the Situation and Development Trends

The Treasury is involved in the management of a number of programmes financed by foreign financial assistance, ensuring:

- 1) Functions of the Certifying Authority in the 2014–2020 Programming Period;
- 2) Functions of the Certifying Authority of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism;
- 3) Functions of the Accounting Authority of EU Funds in the 2021–2027 Programming Period;
- 4) Functions of the Paying Authority of the Swiss Cooperation Programme.

In fulfilling these functions, the Treasury ensures accounting of the resources received and spent, prepares and submits statements about the expenditures incurred within the scope of the assistance to the Granting Authority, and other duties related to financial management. Depending on the type of assistance, the Treasury also carries out inspections prescribed by laws and regulations, analyses information in its possession and the possible effect on the eligibility of the expenditures to be declared, and adjusts the expenditures to be declared, if necessary. In carrying out its functions, the Treasury worked closely with the other institutions involved in programme management, including the Managing Authority, the Audit Authority, the Cooperation Authority, and the Programme Operators.

To minimise manual operations, and to use data available in the management information system of the Cohesion Policy funds to the extent possible, it is important to create and enhance new solutions for preparing reports, *inter alia*, by accumulating information in the system about the process of preparing and verifying the report.

### 4.2. Functions of the Certifying Authority in the 2014–2020 Programming Period

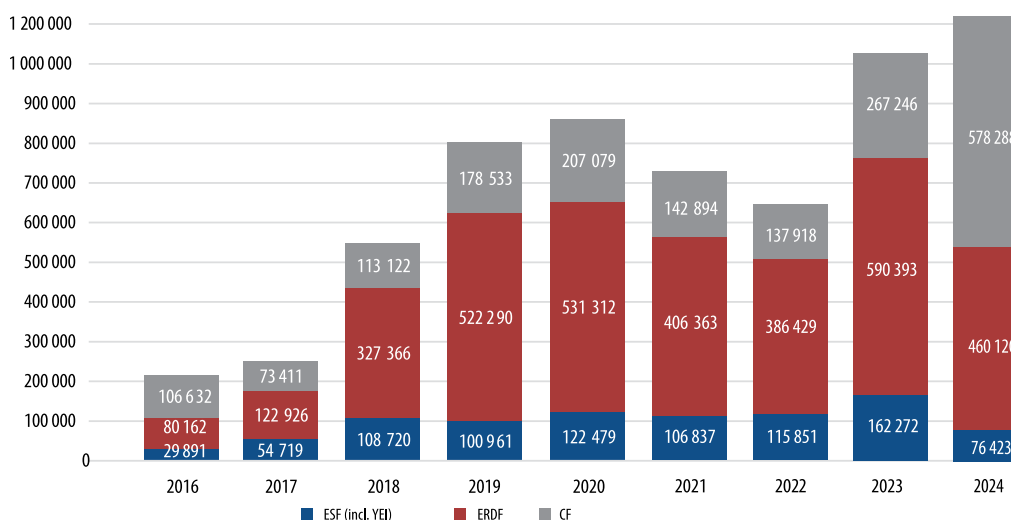
2023 was the final year in which beneficiaries could make project expenditure and submit project closure payment requests by 31 January 2024. With many projects having their implementation deadlines extended to the maximum possible, the amount of expenditure declared by the Treasury to the European Commission was significant compared to other years. The full programme allocation was received from the European Commission with the reimbursements received in 2024, but expenditure declarations need to continue to allow the cancellation of advances received under the programme.

In line with the amendments to the European Commission's legislation, the deadline for the submission of closure documentation has been extended by one year, namely, to 15 February 2026, thus giving time to Member States to resolve any issues related to the implementation of the projects and the possibility to also declare expenditure to the European Commission in 2025, thereby reducing the risk of losing the programme allocation.

### 4.3. Functions of the Certifying Authority for the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2014–2021

The financing available to Latvia is EUR 94.4 million (incl. EUR 9.0 million to be administered by the Financial Instrument Office and Innovation Norway). Latvia implements six programmes, as well as the Technical Assistance Project and the Bilateral Cooperation Fund. Mid-term financial reports have been submitted to the Financial Instruments Office in 2024, requiring EUR 26 131 thousand from the donor states, representing a significant increase compared to the previous year. This is due to the active implementation of projects, given the fact that the eligibility period ended on 30 April 2024. Repayments have been received in full for the submitted reports. Programme closure reports have to be submitted by 30 April 2025, upon the closure of the programmes, and the closure reports for the Bilateral Cooperation Fund and Technical Assistance have to be submitted by 31 August 2025 and 15 November 2025, respectively.

**Figure 19.** Amount of expenditures declared to the European Commission (2014–2020) (thousand EUR)

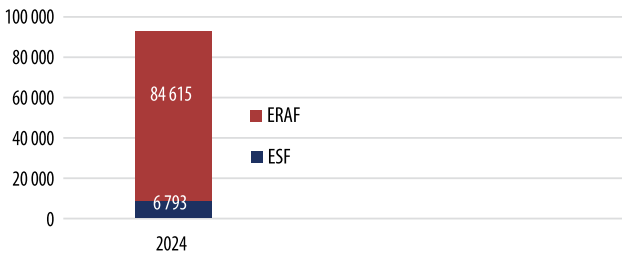


## 4. Accomplishments in the Implementation of the Functions of the Certifying Authority of EU Funds and Foreign Financial Assistance

### 4.4. Functions of the Accounting Authority in the EU Funds 2021–2027 Programming Period

Within the scope of the 2021–2027 programming period of the EU Funds, EU Fund investments in the amount of EUR 4.24 billion are planned. For Latvia to be able to receive and administer the financing available in the EU Funds programming period, to implement the programming period and to ensure compliance with the principle of sound financial governance, in 2024, the developed legal framework was completed, as well as the functionality for the preparation of reports was ensured in the Cohesion Policy Funds Management Information System. In 2024, the Accounting Authority submitted the first payment applications under ERDF and ESF+ to the European Commission, which were approved by the European Commission and reimbursed to the State budget. At the end of 2024, the first account closure was prepared by the Accounting Authority and submitted by the Managing Authority to the Audit Authority for an opinion.

**Figure 20.** Amount of expenditures declared to the European Commission (2021–2027) (thousand EUR)



### 4.5. Functions of the Paying Authority for the Swiss Cooperation Programme

With the conclusion of the Memorandum of Understanding between the EU and the Swiss Confederation on the Swiss Confederation's contribution to reducing economic and social disparities and cooperation in the field of migration in the European Union on 30 June 2022 and the signing of the Framework Agreement on 19 July 2023, Latvia has access to funding of 40 400 thousand Swiss francs (EUR 42 420 thousand indicative) for the second period of the contribution (2019–2029). In 2024, the Treasury provided the necessary support to the Ministry of Finance in the development of the regulatory enactments and the management and control system.

The first financial report for the Technical Assistance project is expected in 2025, while the financial reports for the other four programmes will start in 2026.

### 4.6. Performance Indicators of Operational Targets

The target of the operational direction and one of the two performance indicators is achieved. Measures are in place to meet both performance indicators.

the first reports in 2025, and the possibility of reaching an agreement with the Swiss representatives on a more efficient and administratively simpler presentation of information in the financial statements of the programmes will be assessed in cooperation with the Managing Authority.

**Table 5.**  
Performance Indicators of Operational Targets  
for the implementation of the functions of the Certifying Authority  
of EU Funds and Foreign Financial Assistance

Result	Performance indicator	Numerical values of the performance indicator in 2024	
		Planned	Implemented
Positive evaluation by external auditors <sup>10</sup> of the accounting authority function for the European Union funds.	The external auditors' assessment of the Accounting Authority for the European Union Funds is not lower than "2".	2	1
<i>The indicator is met (exceeded). The assessment of external auditors (Audit Authority) regarding the management and control system of the Certifying Authority of EU Funds and EEA/ Norwegian Financial Mechanisms is "1" (works well, no or minor weaknesses identified), which exceeds the planned indicator value. The established management and control system of the Certifying Authority for the preparation of payment applications, account closure and financial statements complies with the requirements of the regulatory enactments, ensuring that all information necessary for the declaration of expenditure is taken into account.</i>			
A positive rating <sup>11</sup> of the Swiss assistance payments Paying Authority's management and control system by external auditors.	The rating of the Swiss assistance payments Paying Authority's management and control system by external auditors is not below "2".	2	No value <sup>12</sup>
<i>The indicator has not been met for reasons beyond the control of the Treasury. According to the information provided by the Audit Authority, the assessment (audit) of the management and control system at the Paying Authority could start in the first quarter of 2025, so the report with the rating of the management and control system will be received in 2025. The fulfilment of the indicator has been postponed to 2025.</i>			

### 4.7. Steps Planned for 2025

In 2025, together with the Managing Authority and the Cooperation Authority, the Treasury will continue to develop the functionality of the Cohesion Policy Funds Management Information System for reporting, and will review and update the internal management and control system of the Accounting Authority, taking the experience of the first EU Funds reporting for the programming period 2021–2027 into account. The development of regulatory enactments and the establishment of a management and control system for the Treasury as the Paying Authority for the Swiss Cooperation Programme will be continued with a view to submitting

<sup>10</sup> Rating categories in compliance with the laws and regulations governing the management of European Union Funds ('1' – works well, no or minor weaknesses identified; '2' – works, but certain improvements are needed; '3' – works partially and substantial improvements are needed; '4' – not working, major weaknesses identified).

<sup>11</sup> Rating categories in compliance with the laws and regulations governing the management of European Union Funds ('1' – works well, no or minor weaknesses identified; '2' – works, but certain improvements are needed; '3' – works partially and substantial improvements are needed; '4' – not working, major weaknesses identified).

<sup>12</sup> According to the information provided by the Audit Authority, the assessment (audit) of the management and control system at the Paying Authority could start in the first quarter of 2025, so the report with the rating of the management and control system will be received in 2025. The fulfilment of the indicator has been postponed to 2025.

# Activities of the Treasury in 2024

## 5. Accomplishments in the Accounting and Bookkeeping Service

### *Goal of the Operational Direction*

**In line with the best practice of EU Member States and the decision of the Cabinet, to centralise the fulfilment of the accounting function, over the medium term, by providing a standardised accounting and HR record-keeping system service to the State budget institutions and institutions non-financed from the budget by means of a shared solution, thus ensuring the effective and rational use of the resources and credible, high-quality and reusable data.**

### 5.1. Service Provision and Development Trends

In line with the move towards a small and efficient public administration, inter alia, by centralising support functions, the Treasury continues providing and developing the accounting and bookkeeping service for a number of central government budget institutions, providing them with equalised bookkeeping of accounting transactions, the preparation of financial statements in accordance with uniform basic principles, as well as maintains an information system of accounting and personnel records and the operational exchange of information. In 2024, the Treasury provided the accounting and bookkeeping service to 11 central government budget institutions; the State Chancellery, School of Public Administration, National Electronic Mass Media Council, Ministry of Finance, Procurement Monitoring Bureau, Lotteries and Gambling Supervisory Inspection, the Treasury, State Revenue Service, Central Finance and Contracting Agency, Fiscal Discipline Council and Public Electronic Mass Media Council.

A long-term objective of the service development is a standardised accounting and HR record-keeping system service established and provided in line with the best practice of EU Member States and the concept note approved by the Cabinet "Development of a Shared Service Centre for Public Administration" to the State budget institutions and institutions non-financed from the budget by means of a shared resource management system, thus ensuring the effective and rational use of the resources and credible, high-quality and reusable data.

The Treasury is implementing the EU Recovery and Resilience Facility Investment Plan Project 2.1.2.1.i "Shared Public Financial Resource Planning and Management Accounting Services for Public Administration, Implementation of Shared Resource Management". The aim of the project is to create a shared platform for accounting and

personnel record-keeping, budgeting and financial management, providing shared services that will, in the long term, enable both a significant improvement in the further use of data and a move towards more efficient administrative functions. The following is provided within the scope of the project:

- 1) by the first quarter of 2026, a uniform, centralised public administration platform in the field of accounting and HR record keeping, budget planning and financial management is established;
- 2) improved legislation and process descriptions for standardisation and service delivery;
- 3) gradual transfer of line ministries (state budget institutions and institutions non-financed from the budget ) to the centralised platform.

The Recovery and Resilience Facility invests in the digital transformation of government functions to develop the necessary solutions, capabilities and skills, as well as to improve efficiency, digital processes and data management. 7 December 2023. The Saeima adopted *Amendments to the Law on Budget and Financial Management* in the final reading:

- 1) stipulating that the accounting records of the State budget institutions and institutions non-financed from the budget shall be kept in the State Treasury in accordance with the procedure established by the Cabinet;
- 2) delegating the provision of a service within the public administration to the Treasury;
- 3) empowering the Cabinet to issue regulations defining the services provided by the Treasury and the procedure for the provision of services and the procedure for the State budget institutions and institutions non-financed from the budget to join the Shared Service Centre of the Public Administration to receive services.

As of January 2025, the Treasury started to provide the service to 31 more institutions (bringing the total number of institutions served by the Treasury to 42), with the project delivering in 2024:

- 1) standardised processes and regulations for service delivery have been developed in cooperation with ministries and their institutions (Ministry of Health, Ministry of Agriculture, Ministry of Smart Administration and Regional Development, Ministry of Climate and Energy and Ministry of Economy) and the ministries have been transferred to the centralised platform from 2025;

- 2) the scope of partners in the institutional takeover was increased to achieve significantly more ambitious objectives within the existing project funding;
- 3) a centralised solution for budget planning and financial management – institution-level planning functionality, providing public administrations with a streamlined financial management process tailored to users' needs;
- 4) structural changes from 2025, including the number, classification and job descriptions of the new posts agreed with the State Chancellery, have been developed and approved.

The strategic vision of centralising the accounting and bookkeeping service covers about 175 State direct administration institutions – ministries, the bodies subordinate thereto and independent bodies. From 2026, the Treasury plans to provide the service to 66 more State budget institutions, and by the end of 2026, 80% of public administration employees will be covered by the accounting and HR management information system service.

Detailed information on the progress of the process is included in the information reports reviewed by the Cabinet "On the progress of the establishment of a Shared Service Centre for Public Administration in the period from 1 July 2023 to 30 June 2024" and "On the progress of the establishment of a Shared Service Centre for Public Administration in the period from 1 July 2024 to 30 November 2024".

### 5.2. Steps Planned for 2025

The Treasury will continue to organise an efficient environment for both user management and the exchange and delivery of service information to the customer. From January 2026, accountants from the Ministry of Justice, the Ministry of Culture and the Ministry of Education and Science will also join the Treasury to provide services within the Shared Service Centre for Public Administration, thus joining the centralised platform.

In 2025, extensive work will continue on the development of integrated solutions, including the improvement of standardised processes, the updating of the design of the accounting and HR information system to account for new department-specific transactions, the creation and updating of system configurations, the development of a business intelligence (BI) solution for financial accounting reporting, and the development of a Budget Planning and Financial Management solution.

# Activities of the Treasury in 2024

## 6. Accomplishments Under the Governance of the Institution

### *Goal of the Operational Direction*

**To shape a modern public administration institution with professional, innovative, self-development, and cooperation-orientated employees in a supportive working environment for achieving the strategic objectives of the Treasury.**

### 6.1. Funding of the Treasury and the Spending Thereof

In 2024, resources for covering expenditure in the budget of the Treasury were comprised of a grant from the general revenue.

In 2024, the Treasury (within the institutional sector of the Ministry of Finance) implemented the following basic budget programmes and sub-programmes:

- 1) Programme 31.00.00 "Central Government Budget Implementation and Central Government Debt Management":
  - 31.01.00 Sub-Programme "Budget Implementation";
  - 31.02.00 Sub-Programme "Central Government Debt Management";
- 2) Sub-Programme 41.03.00 "Contributions to International Organisations";
- 3) Sub-Programme 70.50.00 "Technical Assistance for the Absorption of ERDF, ESF+, CF, JTF Funding (2021–2027)";
- 4) Sub-Programme 71.05.00 "Technical Assistance for the Absorption of the European Economic Area Financial Mechanism and the Norwegian Government Bilateral Financial Mechanism (2018–2025)";
- 5) Sub-Programme 72.05.00 "Technical Assistance for the Absorption of the Latvian-Swiss Cooperation Programme. Technical Assistance of the Latvian-Swiss Cooperation Programme for 2023–2029";
- 6) Sub-Programme 74.06.00 "Projects and Activities of the Recovery and Resilience Facility (RRF) for 2021–2026";
- 7) Programme 99.00.00 "Use of Funds for Unforeseen Events".

The objective of the Sub-Programme "Central Government Budget Implementation" is to ensure efficient and economical central government general budget implementation and supervision, and the compliance of the services provided by the Treasury with the best financial management practice.

The objective of the Sub-Programme "Central Government Debt Management" is to ensure, in a timely manner, the availability of financial resources for covering the funding needs of the central government debt at optimal service costs in the long term, while hedging financial risks and at the same time contributing to the development of the domestic financial market.

The objective of the Sub-Programme "Contributions to International Organisations" is to ensure the fulfilment of the financial obligations of the Republic of Latvia, by performing, in a timely manner and to a full extent, the annual membership fees to the international financial organisations, as well as performing the payments into the capital and/or reserves of such international financial institutions, where the Republic of Latvia is the holder of the capital shares, ensuring the fulfilment of the assumed obligations, inter alia, Latvia's participation in the financing mechanism of the International Monetary Fund "Financial Transactions Plan".

The objective of the Sub-Programme "Technical Assistance for the Absorption of ERDF, ESF+, CF, JTF Funding (2021–2027)" is to further build the capacity of the Treasury for ensuring the effective fulfilment of the functions of the Certifying Authority for EU Funds.

The objective of the Sub-Programme "Technical Assistance for the Absorption of the European Economic Area Financial Mechanism and the Norwegian Government Bilateral Financial Mechanism (2018–2025)" is to ensure funding for the implementation of the project financed by the European Economic Area Financial Mechanism and the Norwegian Government Bilateral Financial Mechanism.

The objective of the Sub-Programme "Technical Assistance for the Absorption of the Latvian-Swiss Cooperation Programme for 2023–2029" is to contribute to the efficient and effective implementation of the Swiss-Latvian cooperation programme by covering the costs incurred by the Latvian national structures.

The objective of the Sub-Programme "Projects and Activities of the Recovery and Resilience Facility (RRF) for 2021–2026" is to create a centralised platform in the field of accounting, personnel records, budgeting and financial management for direct public administration authorities to promote efficiency, digital transformation, and the optimisation of State funds.

Within the scope of the Programme "Use of Funds for Unforeseen Events", compensation was disbursed on the basis of the decision of Madona Municipality Council "On the Reimbursement of Seized Movable Property".

In 2024, the Treasury did not carry out any research.



## 6. Accomplishments Under the Governance of the Institution

**Table 7.**  
Central government basic budget financing and the spending thereof  
(summary of all programmes  
(under the institution of the Ministry of Finance), EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>242 056 626</b>	<b>457 943 512</b>	<b>388 983 293</b>
1.1.	Grant from the general revenue	242 056 626	457 943 512	388 983 293
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>231 205 334</b>	<b>379 205 597</b>	<b>364 099 366</b>
2.1.	Maintenance costs (total)	230 480 428	376 672 048	362 578 908
2.1.1.	Running costs	12 914 646	17 569 512	16 009 845
2.1.2.	Interest expense	194 020 989	358 551 186	346 020 055
2.1.3.	Subsidies, grants and social benefits	0	187 000	186 999
2.1.4.	Regular payments into the European Community budget and international cooperation	23 544 793	364 350	362 009
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	724 906	2 533 549	1 520 458
<b>3.</b>	<b>Financial balance</b>	<b>10 851 292</b>	<b>78 737 915</b>	<b>24 883 927</b>
4.	Financing	-10 851 292	-78 737 915	-24 883 927
4.2.	Shares and other holdings in the equity of economic operators	-10 851 292	-78 737 915	-24 883 927

## 6. Accomplishments Under the Governance of the Institution

**Table 8.**  
Central government basic budget financing and the spending thereof  
for the Basic Budget Programme “Budget Implementation and Central  
Government Debt Management” (EUR

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>206 970 275</b>	<b>375 157 488</b>	<b>360 912 127</b>
1.1.	Grant from the general revenue	206 970 275	375 157 488	360 912 127
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>206 970 275</b>	<b>375 157 488</b>	<b>360 912 127</b>
2.1.	Maintenance costs (total)	206 245 369	373 944 709	359 909 967
2.1.1.	Running costs	12 224 380	15 388 903	13 885 292
2.1.2.	Interest expense	194 020 989	358 551 186	346 020 055
2.1.3.	Subsidies, grants and social benefits	0	4 620	4 620
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	724 906	1 212 779	1 002 160
<b>3.</b>	<b>Financial balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
4.	Financing	0	0	0

## 6. Accomplishments Under the Governance of the Institution

**Table 9.**  
Central government basic budget financing and the spending thereof  
for the Basic Budget Programme "Budget Implementation" (EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>10 404 009</b>	<b>12 963 746</b>	<b>12 286 697</b>
1.1.	Grant from the general revenue	10 404 009	12 963 746	12 286 697
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>10 404 009</b>	<b>12 963 746</b>	<b>12 286 697</b>
2.1.	Maintenance costs (total)	9 679 103	11 750 967	11 284 537
2.1.1.	Running costs	9 679 103	11 746 347	11 279 917
2.1.2.	Interest expense	0	0	0
2.1.3.	Subsidies, grants and social benefits	0	4 620	4 620
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	724 906	1 212 779	1 002 160
<b>3.</b>	<b>Financial balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
4.	Financing	0	0	0
4.1.	Increase (-) or decrease (+) in the change of balances of funds from chargeable services and other own revenues	0	0	0

## 6. Accomplishments Under the Governance of the Institution

**Table 10.**  
Central government basic budget financing and the spending thereof  
for the Basic Budget Sub-Programme  
“Central Government Debt Management” (EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>196 566 266</b>	<b>362 193 742</b>	<b>348 625 430</b>
1.1.	Grant from the general revenue	196 566 266	362 193 742	348 625 430
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>196 566 266</b>	<b>362 193 742</b>	<b>348 625 430</b>
2.1.	Maintenance costs (total)	196 566 266	362 193 742	348 625 430
2.1.1.	Running costs	2 545 277	3 642 556	2 605 375
2.1.2.	Interest expense	194 020 989	358 551 186	346 020 055
2.1.3.	Subsidies, grants and social benefits	0	0	0
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	0	0	0

## 6. Accomplishments Under the Governance of the Institution

**Table 11.**  
Central government basic budget financing and the spending thereof  
for the Basic Budget Sub-Programme  
“Contributions to International Organisations” (EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>34 396 085</b>	<b>79 102 265</b>	<b>25 245 936</b>
1.1.	Grant from the general revenue	34 396 085	79 102 265	25 245 936
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>23 544 793</b>	<b>364 350</b>	<b>362 009</b>
2.1.	Maintenance costs (total)	23 544 793	364 350	362 009
2.1.1.	Running costs	0	0	0
2.1.2.	Interest expense	0	0	0
2.1.3.	Subsidies, grants and social benefits	0	0	0
2.1.4.	Regular payments into the European Community budget and international cooperation	23 544 793	364 350	362 009
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	0	0	0
<b>3.</b>	<b>Financial balance</b>	<b>10 851 292</b>	<b>78 737 915</b>	<b>24 883 927</b>
<b>4.</b>	<b>Financing</b>	<b>-10 851 292</b>	<b>-78 737 915</b>	<b>-24 883 927</b>
4.1.	Shares and other holdings in the equity of economic operators	-10 851 292	-78 737 915	-24 883 927



## 6. Accomplishments Under the Governance of the Institution

**Table 12.**  
Central government basic budget financing and the spending thereof  
for the basic budget sub-programme  
“Technical Assistance for the Absorption of the European Social Fund  
(ESF) (2014–2020)” (EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>66 228</b>	<b>0</b>	<b>0</b>
1.1.	Grant from the general revenue	66 228	0	0
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>66 228</b>	<b>0</b>	<b>0</b>
2.1.	Maintenance costs (total)	66 228	0	0
2.1.1.	Running costs	66 228	0	0
2.1.2.	Interest expense	0	0	0
2.1.3.	Subsidies, grants and social benefits	0	0	0
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	0	0	0

## 6. Accomplishments Under the Governance of the Institution

**Table 13.**  
Central government basic budget financing and the spending thereof  
for the basic budget sub-programme  
“Technical Assistance for the Absorption of ERDF, ESF+, CF, JTF  
Funding (2021–2027)” (EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>207 335</b>	<b>224 393</b>	<b>224 393</b>
1.1.	Grant from the general revenue	207 335	224 393	224 393
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>207 335</b>	<b>224 393</b>	<b>224 393</b>
2.1.	Maintenance costs (total)	207 335	224 393	224 393
2.1.1.	Running costs	207 335	224 393	224 393
2.1.2.	Interest expense	0	0	0
2.1.3.	Subsidies, grants and social benefits	0	0	0
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	0	0	0

## 6. Accomplishments Under the Governance of the Institution

**Table 14.**  
Central government basic budget financing and the spending thereof  
for the basic budget sub-programme  
“Technical Assistance for the Absorption of the European Economic  
Area and the Norwegian Financial Mechanism” (EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>29 126</b>	<b>33 689</b>	<b>33 689</b>
1.1.	Grant from the general revenue	29 126	33 689	33 689
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>29 126</b>	<b>33 689</b>	<b>33 689</b>
2.1.	Maintenance costs (total)	29 126	33 689	33 689
2.1.1.	Running costs	29 126	33 689	33 689
2.1.2.	Interest expense	0	0	0
2.1.3.	Subsidies, grants and social benefits	0	0	0
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	0	0	0

## 6. Accomplishments Under the Governance of the Institution

**Table 15.**  
Central government basic budget financing and the spending thereof  
for the basic budget sub-programme  
“Technical Assistance for the Absorption of the Latvian-Swiss  
Cooperation Programme for 2023–2029” (EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>2 442</b>	<b>5 482</b>	<b>4 686</b>
1.1.	Grant from the general revenue	2 442	5 482	4 686
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>2 442</b>	<b>5 482</b>	<b>4 686</b>
2.1.	Maintenance costs (total)	2 442	5 482	4 686
2.1.1.	Running costs	2 442	5 482	4 686
2.1.2.	Interest expense	0	0	0
2.1.3.	Subsidies, grants and social benefits	0	0	0
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	0	0	0

## 6. Accomplishments Under the Governance of the Institution

**Table 16.**  
Central government basic budget financing and the spending thereof  
for the basic budget sub-programme  
“Projects and Activities of the Recovery and Resilience Facility (RRF)  
for 2021–2026” (EUR)

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>385 135</b>	<b>3 237 815</b>	<b>2 380 083</b>
1.1.	Grant from the general revenue	385 135	3 237 815	2 380 083
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>385 135</b>	<b>3 237 815</b>	<b>2 380 083</b>
2.1.	Maintenance costs (total)	385 135	1 917 045	1 861 785
2.1.1.	Running costs	385 135	1 917 045	1 861 785
2.1.2.	Interest expense	0	0	0
2.1.3.	Subsidies, grants and social benefits	0	0	0
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	0	1 320 770	518 298



## 6. Accomplishments Under the Governance of the Institution

**Table 17.**  
**Central government basic budget financing and the spending thereof**  
**for the basic budget Programme**  
**“Use of Funds for Unforeseen Events” (EUR)**

No. personal ID No	Financial indicators	In the previous year (actual implementation)	In the reporting year	
			approved by amendments to the law	actual implementation
<b>1.</b>	<b>Financial resources for covering expenditures (total)</b>	<b>0</b>	<b>182 380</b>	<b>182 379</b>
1.1.	Grant from the general revenue	0	182 380	182 379
1.2.	Chargeable services and other own revenue	0	0	0
1.3.	Foreign financial assistance	0	0	0
1.4.	Donations and gifts	0	0	0
<b>2.</b>	<b>Expenditure (total)</b>	<b>0</b>	<b>182 380</b>	<b>182 379</b>
2.1.	Maintenance costs (total)	0	182 380	182 379
2.1.1.	Running costs	0	0	0
2.1.2.	Interest expense	0	0	0
2.1.3.	Subsidies, grants and social benefits	0	182 380	182 379
2.1.4.	Regular payments into the European Community budget and international cooperation	0	0	0
2.1.5.	Maintenance cost transfers	0	0	0
2.2.	Expenditure for capital investments	0	0	0

In 2024, the central government budget funds have been used for achieving the operational directions and performance indicators set by the Treasury (please see the information provided in this Report), including the development of uniform principles for accounting and financial reporting of budgetary institutions, for the modernisation of *eServices – eKase, ePlāni, ePārskati, eAizņēmumi*, prescribing the measures for the transition of the Treasury's ICT infrastructure to the State-federated cloud services, ensuring the digital transformation of the central government debt and cash management process, ensuring measures to increase the volume of savings bonds held by private individuals, maintaining the supply of government securities on the financial market, ensuring a customer-orientated process for issuing and monitoring State loans, ensuring the exercise of the functions of the Certifying Authority of the EU funds and foreign financial assistance, providing accounting services to central government budget institutions, etc. The Treasury's move towards uniform accounting, personnel records, financial management, and human resources management processes in the public administration is contributing to the digitisation and efficient use of State funds.

Within the scope of the horizontal measure of the State Chancellery to strengthen the capacity of the public administration by ensuring the remuneration for the groups of strategically important positions “Increasing the remuneration of employees in the direct public administration”, in 2024, EUR 68.9 thousand has been granted to the Treasury. The funding was used to establish equivalent and legally compliant remuneration for employees, including to achieve the lowest thresholds of monthly salaries.

In 2024, EUR 1.39 million was allocated to the Treasury within the scope of the cross-cutting measure of the State Chancellery “Development of a Shared Service Centre”. The funding was used to support the process of taking over the accounting and HR record-keeping system, building HR capacity and infrastructure investments, including the development of an efficient and sustainable shared service centre, and developing the allocation of roles and responsibilities to support the functions.

In 2024, EUR 69,080 was allocated to the Treasury within the scope of the cross-cutting measure “Increase in the Rent for Public Entities”. The funding was used to cover rent, ensuring that all obligations towards the lessor were met in full while maintaining the real estate lease relations necessary for the performance of the functions of the institution.

Under the programmes implemented by foreign investments, the Treasury performs the functions of the certifying and paying authority (see tables for allocation and Chapter 4 of this Report for more details on the accomplishments).

6. Accomplishments Under the Governance of the Institution

State Procurements

The Treasury undertakes procurements in accordance with the *Public Procurement Law* by applying open tender procedures, negotiated procedures, as well as procurements pursuant to Section 9 and Section 10 of the Law. For undertaking the procurements, the Treasurer establishes, based on its order, a procurement committee, the members whereof are competent within the relevant field of procurement. Procurement contracts are recorded and monitored in the Centralised Resource Management System *Horizon*. In 2024, the Treasury undertook 10 procurements (excluding those below EUR 10 000 and those using the subsystem “*e-pasūtījumi*” of the Electronic Procurement System). These procurements have resulted in awarding contracts for the sum total of EUR 12 273 224 (excluding VAT). In addition, in 2024, the administration of the procurement process started, using the project management tool *Redmine*.

6.2. Work Environment

The employees of the Treasury also continued to work in a hybrid model in 2024 (on-site and remotely) by ensuring the fulfilment of the functions of the Treasury and the continuity of services, which has made it possible to save financial resources (administrative and work premises maintenance expenses), promote digital transformation, sustainability, incl., by attracting specialists from Latvia’s regions to work in the Treasury, as well as to balance work and private life for employees by shaping a modern, inclusive, efficient, and flexible work organisation model and culture.

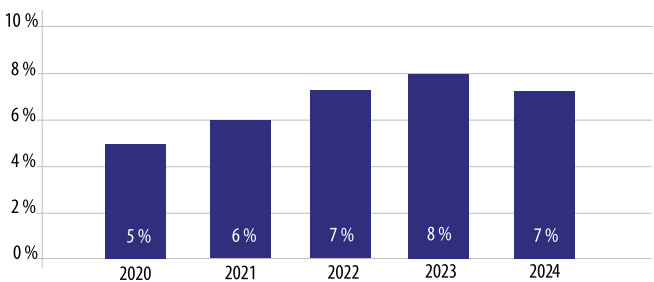
The office premises of the Treasury at Smilšu iela 1, Riga have already been partially adapted to the new model of the working environment of the institution (furniture, technical inventory, purpose of use of working space). Given the technical condition of the existing workspaces, utilities and equipment, renovation works have been organised in 2024 in line with the long-term plan (including a sketch design for the workspaces, which includes a smart working environment and innovative co-working solutions in an activity-based office).

6.3. Personnel and Personnel Management

The Treasury is characterised by experienced and knowledgeable employees demonstrating loyalty and striving for the highest quality standards on a daily basis. In general, the conservative culture of cooperation transforms into a focused, purposeful and development-orientated environment. The main driver of change is

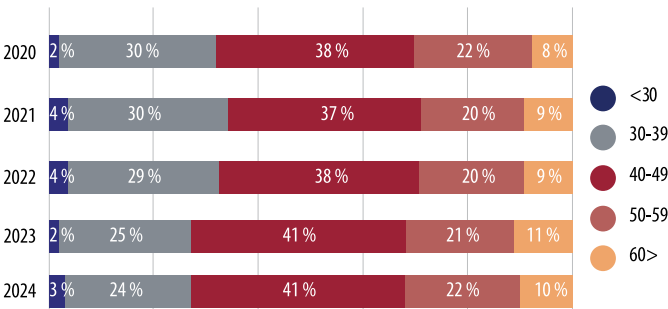
the influx of new ideas through employee turnover, openness to development and new trends, as well as a clear vision of the future.

Figure 21. Percentage of dismissed personnel of actually working employees (2020–2024) (%)



The Treasury, taking care of the well-being and welfare of employees, ascertains how often they encounter encouraging or troublesome feelings in their day-to-day work on a semi-annual basis. The emotional climate index study clearly shows that the employees experience encouraging feelings (independent, informed, appreciated, productive, happy), on average, significantly more often than troublesome ones (exhausted, worried, stressed, distracted, unfair).

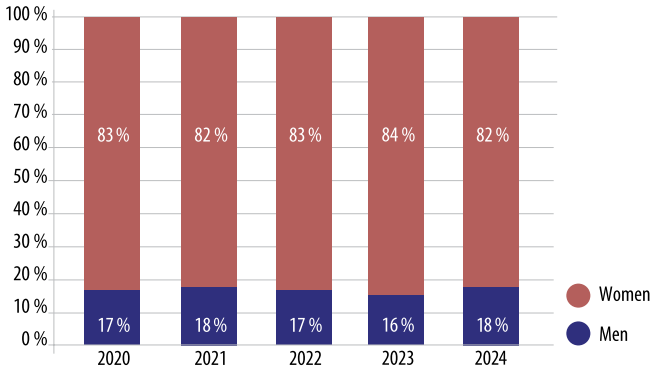
Figure 22. Breakdown of Treasury personnel by age (2020–2024) (%)



In 2024, the number of positions in the Treasury has increased (235). In 2024, the average number of employees, including civil servants and employees on long-term leave of absence, comprised 210.95% of employees have attended at least two organised training or development sessions during the last year. The focus of

competence development is on digital skills, which are directly correlated with the assessment of work quality and leadership, where a team leader development programme continues in 2024 to strengthen the role of the leader as a driving force in the development of competencies and the achievement of goals.

Figure 23. Breakdown of Treasury personnel by gender (2020–2024) (%)



6.4. Quality, Process Measurement, Risk, and Information Security Management

The quality management system and information security management established in the Treasury ensures the stable operation of the institution, its continuity and prompt response in crisis situations. The implementation of the principles of the European Quality Management Foundation’s Excellence Model has been identified as the next level of quality for the development of the Treasury’s activities and the move towards a sustainable quality culture. In 2024, the current governance situation was assessed, as compared to model criteria, an assessment was prepared and decisions were taken on priority directions and future actions.

The Treasury has been continuously improving its processes by adhering to the examples of best practice and the experience of organisations in the financial sector. The process measurement system has been reviewed and developed to ensure that day-to-day processes can be monitored, decisions can be made on the basis of data and data are available for process improvement and service delivery, including the introduction of a new process for managing and monitoring performance indicators – extracting and analysing quality data to provide assurance that the Treasury is achieving the performance indicators and results set out in its Operational Strategy.

# Activities of the Treasury in 2024

## 6. Accomplishments Under the Governance of the Institution

Starting from 2024, the documents of the Quality Management System of the Treasury are managed in an open-source project management tool *Redmine*. The Treasury uses the *Redmine* tool to not only manage projects and development measures but also to generate reports on fulfilment and performance indicators using Business Intelligence (BI) tools, thus ensuring structured data and data analysis in a range of breakdowns for the management.

In order to ensure that the services provided by the Treasury are of high quality and secure by giving special attention to the operational stability and reliability of information processing systems, information security management is one of the Treasury's constant priorities. The audit of the Treasury Security Management System monitoring in accordance with ISO 27001:2013 was also successfully completed in 2024.

Risk management is an essential part of the Treasury's management processes, which facilitates the achievement of objectives and the efficient management of processes and projects. Risk management is directed towards the identification of risks and the reduction thereof to an acceptable level, the use of potential opportunities and the facilitating of conformity with good management principles. To develop and implement a Risk Management Standard and a single risk management tool of the Treasury, to ensure effective risk management and to reduce the manual work involved in maintaining risk information, a Risk Register has been developed in the *Redmine* tool – a single technical tool for risk management that includes risks identified and assessed in relation to the delivery of services and management processes. The solution enables effective risk management and helps project and service managers to understand risk management and their role within it. A Management Report has been created, which allows one to keep track of all recorded risks, changes in their values and number, as well as identify TOP risks and prioritise risk mitigating measures. Digitising risks saves time spent on recording and updating risks.

### 6.5. Internal Control System

The internal control system of the Treasury has been established on the basis of broad key constituents of the internal control system: the control environment, job performance appraisal, risk management, control activities, monitoring, efficient

flow of information, and mutual communication. The internal control system ensures the execution of the defined institutional goals in accordance with the strategic

objectives and in compliance with the requirements laid down in the external and internal regulatory enactments and documents.

The Treasury has established a control environment culture by ensuring that its operations comply with the quality management system and the code of ethics, facilitating the engagement of employees in the improvement of the internal control system. The Treasury has such an organisational structure in place that clearly defines responsibilities and powers, the segregation of duties, and reporting procedures. Risk management and quality management systems in the Treasury are embedded in the daily operations and project management, shifting the control activities of the Treasury from corrective to preventive. The processes of the Treasury and the controls applied in implementing them have been set out in the internal documents governing the quality management system.

The Treasury monitors the internal control system by applying the process management approach, measuring the process performance indicators, using the strategic management process, analysing the Treasury's performance, carrying out internal audits, and by implementing the recommendations provided within the scope of internal audits and other assessments with a view to improving the performance of the internal control system.

In 2024, digital internal audit file records were established in the *Redmine* system, enabling the effective monitoring of both the progress of the audit and the time spent by the auditors, as well as streamlining the follow-up of recommendations. Structured audit reports are also generated in the *Redmine* system that are linked to all projects already managed in the *Redmine* system, risks, quality management system documents, and audit recommendations.

The results of internal audits performed in 2024, as well as the process of implementation of audit recommendations, attested to the fact that the Treasury's internal control system is functioning and the assessed controls are generally adequate, sufficient and efficient, providing sufficient assurance that the Treasury's risks are being managed and the institutional objectives are being met.

### 6.6. Public Communication

The Treasury's image is built by professional teamwork, jointly developing a trusted and appreciated institution.

Considering the functions delegated to the Treasury, its communication focuses primarily on rendering inter-institutional services, informing customers and other stakeholders<sup>13</sup>, as well as the targeted management of counterparty relations – provision of information to foreign and international financial institutions, credit rating agencies and securities investors who use the information provided by the Treasury on public debt management, performance indicators and future trends, and current developments in the Latvian financial sector.

The Treasury regularly informs the mass media about the matters falling within its scope of competence: it prepares and distributes press releases, provides interviews, and replies to questions of interest to the mass media.

On the website of the Treasury [www.kase.gov.lv](http://www.kase.gov.lv) information about the institution and its functions and the latest developments is available, and it is also possible to ask questions and file submissions in electronic form. Visitors to the website can receive prompt answers to their enquiries, whereas the Treasury has the opportunity to familiarise itself with the issues that are of interest to the customers and stakeholders, and, if necessary, prepare more in-depth information to be posted on the website and distributed to the customers and stakeholders, as well as identify potential problems and prevent them.

In order to build two-way communication with the general public, counterparties and other stakeholders more actively, thus promoting awareness of the competencies of the Treasury, the Treasury also communicates through its profile on the social networks *Facebook*, *LinkedIn*, *"X"* (*Twitter*) and *YouTube*.

A safe investment opportunity for Latvian citizens has been created – savings bonds, the essence whereof is to provide an opportunity for every Latvian citizen to purchase smart, convenient and profitable government securities, thus entrusting their money to the state for a limited period of time. The communication campaign "Savings Bonds – Convenient, Safe, Profitable", implemented in cooperation with the Ministry of Finance, received the *International Public Relations Association Golden World Awards* for Excellence in Public Relations Projects in 2024, one of the most important awards in the public relations industry, reflecting the best projects on a global scale.

<sup>13</sup> A person or a group of persons that can have a direct or indirect influence or be influenced as a result of a decision or action of the Treasury.

# Activities of the Treasury in 2024

## 6. Accomplishments Under the Governance of the Institution

### 6.7. Performance Indicators of Operational Targets

The targets and indicators of the operational direction are generally achieved.

**Table 18.** Performance indicators of the governance of the institution

### 6.8. Steps Planned for 2025

The Treasury will continue to develop a process measurement system as it moves towards the implementation of the principles of the European Foundation for Quality Management Excellence Model to ensure day-to-day process monitoring,

Result	Performance indicator	Numerical values of the performance indicator in 2024	
		Planned	Implemented
1. The activity of the Treasury has become more efficient.	1.1. The processes of the Treasury have been revised and optimised using efficiency methods.	5	5
<i><b>The indicator is met.</b> The Treasury continues to review and digitise its processes to improve the quality of the provided services and the speed of provision thereof. Factors that have contributed to process optimisation include the development of digital and systems analysis skills among staff, the use of business intelligence tools and the application of the LEAN method. The following processes of the Treasury have been digitised and streamlined: risk management, process measurement management, institutional budget planning and management, customer management, and reporting.</i>			
2. Treasury processes have been streamlined by saving man-hours on administrative activities and strategically redirecting them to higher value-added activities (analytics, business intelligence, risk mitigation, etc.).	2.1. Number of man-hours redirected from activities of an administrative nature to activities with higher added value.	1600	2938.7
<i><b>The indicator is met.</b> The Treasury continues to review and digitise its processes to improve the quality of the provided services and the speed of provision thereof.</i>			
3. Professional, proactive head of the structural unit.	3.1. Share of the working time spent by the head of the structural unit in organised training or self-study, in hours.	200	112.5
<i><b>Indicator not met,</b> due to factors affecting performance (managers' priorities and workload; more than one tool is used to track the performance indicator; potentially too high a benchmark; major changes in the Treasury (reform of the centralisation of accounting)).</i>			
4. Regular staff emotional climate index study conducted (at the level of structural units).	4.1. The emotional climate index score does not exceed 0.9 (the total difference between the current and optimal frequency of feeling).	≤0.9	0.9
<i><b>The indicator is met.</b> The Treasury continues to study the well-being of employees, which has a direct positive impact on productivity in the performance of daily tasks, as well as on attitudes towards the employer. Communication between management and each and every employee has been significantly improved, and the need for clearer priorities and stress-reduction activities has been identified.</i>			
5. The principles defined in the European Quality Management Foundation's Excellence Model have been implemented.	5.1. Self-assessment of the implementation of the principles of the European Quality Management Foundation's Excellence Model has been carried out.	1	1
<i><b>The indicator is met.</b> The current governance situation was assessed, as compared to model criteria, an assessment was prepared, and decisions were taken on priority directions and future actions.</i>			

data-driven decision-making, and the availability of data for process and service improvement.

To ensure efficient records of procurement processes, it is planned to finalise the development of procurement management in *Redmine* to implement business intelligence (BI) reports on the progress of the procurement plan to inform management and analyse the process.

For the purposes of ensuring and increasing the efficiency of internal processes of the institution, the Treasury will continue the streamlining of processes by saving man-hours on administrative activities and strategically redirecting them to higher value-added activities (analytics, business intelligence, risk mitigation, etc.).

A project will be implemented for increasing process efficiency and the continuity thereof, mitigating HR risks, consolidating job roles and responsibilities, identifying and aligning standardised and regular workloads, and improving staff motivation.

In order to organise and ensure a centralised and standardised document management process in the Ministry of Finance from 2025, in 2024, the Treasury introduced the document management system "Namejs". In order to ensure the continuity and succession of the document management and archiving processes, as well as the alignment of the document management processes with those of the Ministry of Finance, a selection of data and documents from the previous document management system for migration and further management is planned for 2025.

The addition of 81 employees for ensuring the accounting records service for the purposes of centralising the support functions will have a significant impact on the institutional culture and team building of the Treasury in 2025. In order to promote successful on-boarding and increase employee loyalty, it is planned to pay special attention to the on-boarding process, as well as provide additional internal communication activities aimed at fostering a common understanding of the Treasury's values and culture of communication. 2025 will also be a crucial preparatory phase for the next round of centralisation of support functions in 2026, with the training of accounting expertise mentors.



# Treasury's Public Report for 2024



Treasury  
Republic of Latvia

# 2024

