



Ministry of Defence Republic of Latvia

THE DEFENCE BUDGET OF THE REPUBLIC OF LATVIA FOR 2006. FACTS AND FIGURES

The State Defence Financing Law states that 2% of the GDP must be allocated to the defence expenditure until 2008. Consequently, the growth of finances for the defence is directly dependent on the dynamics of the state GDP.

The total defence budget allocated by the government for 2006 is 183.79 million Lats (Ls) or 2% of the GDP. In comparison with the Budget 2005, the Defence Budget 2006 has grown by 28.77 million Ls or 19%. The estimated annual growth of the Defence Budget is shown in Table 1.

Table 1
Defence Budget and Estimated Growth

Year	Expected GDP, Million Ls	Defence Budget	
		% of GDP	Million Ls
2006 *	9 439.1	1.95	183.79
2007 **	10 430.4	2.00	208.61
2008 **	11 481.6	2.00	229.63
2009 **	12 612.4	2.00	252.25
2010 **	13 837.7	2.00	276.75

* Planned

**Estimated

Defence Budget in Table 1 is shown in millions of Lats (Ls) (EUR1=Ls0.7028).

In 2006, 154.72 million Ls have been budgeted directly to the Ministry of Defence (MoD), and 29.07 million Ls are defence-related items to be managed outside the Ministry. The breakdown of the Defence Budget 2006 by institutions is shown in Table 2.

Table 2
Breakdown of Defence Budget 2006 by Institutions

	FY 2006 (million Ls)
Ministry of Defence	154.72
Defence related expenditures :	29.07
Ministry of the Interior	20.19
Constitution Protection Bureau	3.54
Bank of Latvia Security Unit	3.00
Other Institutions	2.34

The Minister of Defence has issued guidelines for development of the State Defence System to help directing the year 2006 budget planning process. As a result, the following key tasks have been defined for 2006:

- Complete transition to the professional armed forces in accordance with the Action Plan for Transition to the Professional Military Service;
- Prepare NAF units to participate in international missions by developing unit deployability and higher combat capabilities, as well as providing interoperability with the NATO armed forces. Develop NAF capabilities required for participation in the NATO Response Force and EU Rapid Reaction Force;
- Introduce Force Goals (NATO tasks for military capabilities of the Alliance) and Standardization Agreements especially focussing on modernisation of control and command system, development of communications and information systems, air space surveillance and control, logistics and supplies systems;
- Develop NAF infrastructure;
- Develop NAF capability to participate in emergency and rescue operations, as well as to eliminate disaster consequences and oil product contamination on the sea;
- Support countries, which intend to implement the defence reforms, and to use the NATO experience, especially focussing on the South Caucasus region;
- Provide the function of Communications and Information Systems Command within the framework of the new NAF structure;
- Develop and expand the Youth Guard movement.

Completion of key tasks of the defence system development is reflected in the annual budget.

Table 3
MoD Budget 2005 and 2006 (by programmes)

	Million Ls	Million Ls
	Budget FY 2005	Budget FY 2006
State Defence Management and Administration*	9.78	12.67
Maintenance and Construction	12.74	18.80
National Armed Forces (NAF)	80.82	110.89
NAF HQ	2.77	3.19
General Purpose Units	1.80	1.81
Air Force	4.06	7.30
Naval Force	2.70	10.34
Land Force	3.34	1.35
National Defence Academy	0.56	0.50
Logistics Support Centre	16.91	29.12
TRADOC**	1.62	1.32
International Missions and NAF Personnel Centralised Wage System	47.06	54.47
National Guard		1.49
Other Programs***	8.75	12.36
Total Budget	112.09	154.72

* Also included: Military Pension Fund, military attachés and representatives, etc.

** TRADOC has been established by merging the National Defence Academy and armed forces training bases.

*** Includes the War Museum, the Military Intelligence and Security Service, Geodesy and Cartography, contributions to international organisations, etc.

Main Areas of Estimated Expenditure Included in the MoD Budget 2006

- **Land Force (National Guard)**
 - Participation in international missions (Kosovo, Iraq, Afghanistan etc.) – 7.74 mil. Ls
 - Development of the communications system for the NAF – 3.83 mil. Ls
 - Weapons, ammunition, special equipment (except equipment for international missions) – 6.21 mil. Ls
- **Air Force**
 - Short-range air-defence system (RBS-70) – 3.32 mil. Ls
 - Development of the air-space surveillance system (BALNET) – 0.49 mil. Ls
 - Communications equipment (Ground-Air-Ground radios) – 1.20 mil. Ls
- **Naval Force**
 - Sea surveillance system – 0.20 mil. Ls
 - Purchase of countermine ships – 6.85 mil. Ls
 - Development of the Naval infrastructure in Tosmare, Liepāja – 0.10 mil. Ls

- **Infrastructure – 17.17 mil. Ls, including:**
 - Construction of the Joint Operation Centre of NAF HQ –1.02 mil. Ls
 - Development of the infrastructure in the Ādaži military base – 1.50 mil. Ls
 - Lielvārde military base project – 2.52 mil. Ls
 - Development of the Naval infrastructure in Daugavgrīva – 1.20 mil. Ls
- **Housing programme for professional army soldiers – 0.73 mil. Ls**
- **Contributions to international organisations – 1.89 mil. Ls, including:** - (NATO Military Budget, NSIP, Alliance Ground Surveillance System, etc.).

Ministry of Defence Republic of Latvia K.Valdemāra street 10/12,
Riga, LV - 1473, Phone: (371) 7210124, Fax: (371) 7212307