The *Saeima*1 has adopted and

the President has proclaimed the following law:

**Law on Financing National Defence**

**Section 1.** The purpose of the Law is to purposefully strengthen national defence capacities through financial methods for Latvia to fulfil its obligations within the scope of collective defence as a Member State of the North Atlantic Treaty Organisation, and also to pave the way towards implementation of long-term development projects of national defence and thus to support the involvement of Latvia in European and transatlantic security bodies.

**Section 2.** (1) In compliance with the conditions of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union signed on 2 March 2012 and the objective to reach the national defence financing in 2020 and subsequent years in the amount of not less than 2 per cent of the amount of the forecasted gross domestic product, the Cabinet shall draw up a draft medium term budget framework law and a draft annual State budget law by allocating financing to national defence:

1) in 2015 – at least 1.0 per cent of the amount of the gross domestic product forecasted for the respective year;

2) in 2016 – at least 1.1 per cent of the amount of the gross domestic product forecasted for the respective year;

3) in 2017 – at least 1.3 per cent of the amount of the gross domestic product forecasted for the respective year;

4) in 2018 – at least 1.5 per cent of the amount of the gross domestic product forecasted for the respective year;

5) in 2019 – at least 1.75 per cent of the amount of the gross domestic product forecasted for the respective year;

6) in 2020 and subsequent years – at least 2 per cent of the amount of the gross domestic product forecasted for the respective year.

(2) Based on the situation of national defence, the Cabinet may, during implementation of the State budget, examine the possibilities to perform reallocation of appropriation for increasing defence financing – for long-term development projects (investments) on a priority basis.

**Transitional Provision**

With the coming into force of this Law, the Law on Financing National Defence (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 2001, No. 10; 2002, No. 12; 2008, No. 24) is repealed.

The Law has been adopted by the *Saeima* on 3 July 2014.

President A. Bērziņš

Rīga, 10 July 2014