

New assistance opportunities for business development, innovation and export in small and medium enterprises 3/30/23



Senior Manager, Tax Reporting, Accounting and Strategy, PwC Latvia
Juris Boiko

On 13 July 2023 the Cabinet of Ministers approved and issued Rule No. 407, which governs implementation of the EU Cohesion Policy Programme for 2021–2027 to promote innovative business development in small and medium-sized Latvian enterprises. The approved total financing for an assistance programme to be implemented by the Latvian Investment and Development Agency (LIAA) is EUR 73.38 million.

The assistance programme

This programme aims to ensure the availability of financing and the implementation of business ideas in small and medium enterprises for innovative business development, including areas of high technology and creative industries, and to promote export growth in the eligible enterprises in order to help achieve the objectives of Latvia's strategy for smart specialisation as part of its national industrial policy.

In building an incubator for creative industries and providing services, the Ministry of Economics as the agency in charge will be collaborating with the Ministry of Culture.

Types of assistance measures

Three types are available:

1. Assistance for activities driving innovation (non-financial assistance)
2. Assistance for business incubation activities (financial and non-financial assistance)
3. Assistance for activities driving exports (financial and non-financial assistance)

The amount and distribution of financing

The total proposed eligible financing is EUR 73.38 million, which includes:

- EUR 62.37 million from the European Regional Development Fund (ERDF) (including EUR 9.84 million of flexibility financing)
- EUR 11.01 million of financing from the national budget (including EUR 1.74 million of flexibility financing)

The Cabinet Rule states that the maximum eligible ERDF financing must not exceed 85% of a project's total eligible financing. In project applications the total available financing is planned by considering flexibility financing, so the total financing for projects is no more than EUR 61.80 million. This amount is 85% ERDF financing and 15% national budget financing.

1. Activities driving innovation – EUR 4.82 million. As part of these activities, LIAA will deliver

training programmes and other incentives for the emergence of new technology-intensive enterprises, motivating them to create and develop products and technologies with high added value.

2. Business incubation activities – EUR 37.96 million. As part of these activities, entrepreneurs can receive assistance as a grant to start business (e.g. rent premises or buy equipment and raw materials). LIAA will also provide the enterprises with pre-incubation support and organise business, export and collaboration events with organisations.
3. Activities driving exports – EUR 28.94 million. As part of these activities, entrepreneurs can receive a grant for creating marketing materials, taking part in various international events and associations, market studies, etc. LIAA will also provide advice to Latvia's external economic representative offices, hold various promotional and advisory events in person and online, take part in the recipient's national stands, help adapt their products or services to foreign markets, etc.

Outcomes to be achieved

By 31 December 2024:

- 28 enterprises supported by grants
- 63 enterprises having received non-financial assistance
- 48 new enterprises supported
- Incubation capacity created – 48 (including enterprises supported in pre-incubation and incubation)

By 31 December 2029:

- 285 enterprises supported by grants
- 422 enterprises having received non-financial assistance
- 192 new enterprises supported
- Incubation capacity created – 384 (including enterprises supported in pre-incubation and incubation).

The measures will be carried out after project applications have been evaluated and a limited number of them selected. The deadline for filing project applications will be announced once for the entire financing available within a particular measure.

To familiarise yourself with the requirements set for project applicants and other conditions in detail, you are advised to read Rule No. 407.

Our Consulting team is happy to help everyone concerned.