

EU financing for period up to 2027 1/4/23

2021 saw the beginning of a new EU financing planning period running up to 2027. Latvian-registered companies can access aid from EU funds and other financial instruments at national and European level.

Awarding and using this aid

In Latvia, the selection of project applications at national level is mostly organised by three institutions: the Central Finance and Contracting Agency, the Latvian Investment and Development Agency, and Altum Development Finance Institution. Programmes and aid instruments at EU level are managed by a variety of institutions, such as the Climate, Infrastructure and Environment Executive Agency, and the European Investment Bank.

During this planning period, the aid will be mainly geared towards energy efficiency, digital upskilling, and business process digitalisation. The aid is divided under various types and formats of programmes and financial instruments. Latvian companies might be interested in up to ten national programmes, while potentially suitable programmes at European level number several dozens. Below we mention a few examples from relevant programmes administered at national and European level.

Altum is now actively implementing an aid programme that incentivises companies to boost their energy efficiency. The first round of selection has been completed, and there will be an opportunity to apply for the next round to be announced soon. The programme supports investment in fixed assets of different classes:

- Energy production from renewable resources
- Improving the energy efficiency of production facilities
- Rehabilitation of heating and cooling systems
- Purchase of emission-free M1 vehicles
- Conversion of non-residential buildings or industrial sites
- Other activities related to energy efficiency improvement

Financial aid is offered as a loan with a capital discount. The discount is capped at EUR 1.5 million or 30% of eligible project costs.

At EU level, aid is available from the Connecting Europe Facility to both public- and private-sector entities for upgrading transport infrastructure, strengthening energy systems and introducing alternative fuels / promoting transport decarbonisation. The programmes and activities are eligible for aid intensities ranging from 30% to 50%¹ (the ratio of subsidy to total qualifying project investment).

Larger investment projects can also access aid from international financial institutions (IFIs) in the form of a loan, equity, or mezzanine financing. Each IFI supports projects that meet its goals, such as green energy, innovation, or human capital. IFIs also offer technical support that involves developing preliminary documentation, such as a business plan or a feasibility study, for an ambitious project with an investment plan of at least EUR 25 million.

Given the wide range of available programmes and instruments, and the fact that aid tends to be awarded on a first come, first served basis, companies should be actively and regularly monitoring the programmes they are interested in. More details may often be obtained via communication with the institutions overseeing a particular programme.

If necessary, PwC may help you in the course of identifying and raising funds, including:

- At national and European level, monitoring and evaluating EU funds and other financial instruments (identifying programmes or instruments suitable for your company's strategic goals, preparing regular reports, and undertaking a detailed research on the most interesting programmes)
- Giving advice on how to prepare a project application and required documentation (participation in obtaining approvals for relevant documents from responsible institutions, assessing the quality of project applications, and improving your project application)

If you have any questions, please do not hesitate to contact us.

¹Depending on the programme and activities to be funded