

The Minister for Finance discusses the role of EU funds in stimulating the Latvian economy with the EU Commissioner for Cohesion and Reforms

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On Thursday, 2 February, Minister for Finance Arvils Ašeradens met with the European Commissioner for Cohesion and Reforms, Elisa Ferreira. The Commissioner was on her first visit to Latvia to celebrate the approval of the Partnership Agreement and the EU Funds Programme for the period 2021-2027. The meeting discussed the role of EU funds in stimulating the economy in the face of inflation and economic slowdown.

Elisa Ferreira, European Commissioner for Cohesion and Reforms, said: *I am pleased that Latvia is continuing to implement the Cohesion Policy programme for 2021-2027. The European Union will provide EUR 4.4 billion of funding for Latvia's investments in renewable energy, research and innovation, competitiveness, sustainable transport, skills, education and social inclusion. Over the last twenty years, Latvia has significantly increased its prosperity and improved its quality of life, thanks also partly to the Cohesion Policy. We continue to work in this direction, advocating balanced territorial development in all regions of Latvia, so as to bring real benefits to every citizen.*

The next round of EU funding of more than EUR 5.4 billion* is available for Latvia's economic development over the next seven years. This is the most significant investment in Latvia, accounting for the largest share, around 50%, of total public funding. One of the priorities for this year is accelerating the flow of this investment into the Latvian economy.

EU funds have contributed significantly to bringing the Latvian economy closer to the EU average. For example, in 2004 Latvia's GDP per capita was 47% of the EU average, while by 2021 it has reached 72%. Currently, the Latvian economy is in a recession and the support of EU funds is important for economic development. In recent years, economic growth has faced significant challenges due to the Russian war in Ukraine and the Covid pandemic. This has led to unprecedented inflation of 20%, which is creating great uncertainty in the markets and slowing down the implementation of EU funding projects. At the same time, the need for investment in defence and energy security is growing.

"The new government is committed to promoting economic transformation for a better life in Latvia. In the context of high inflation and interest rates, Cohesion Policy funding is the most effective and fastest way to invest what is available, helping to achieve the country's growth objectives. The EUR 1.3 billion of EU funds and the Recovery Fund available this year will be one of the driving forces behind the implementation of the country's priority measures," says Minister for Finance Arvils Ašeradens.

At the same time, the Minister stressed the need to make the system for implementing EU funds more flexible and dynamic, able to adapt quickly to new challenges as they arise. The Minister also emphasised the need to make the administrative system for the implementation of EU funds simpler and more results-orientated by streamlining the processes of the implementation system.

At the end of the meeting, it was agreed to work together to ensure that the EU Funds' investments are allocated towards their main objective – reducing disparities in economic development between Member States.

It is intended to channel the EU Cohesion Policy investments of 2021-2027 to six main directions. The first one – a smarter Europe – provides for innovative and smart economic changes, development of research and skills, support for entrepreneurship and digitalisation. The second direction – a greener Europe – provides for a transition to climate neutrality by adapting to climate change and implementing an environmental protection policy. The third direction – a more connected Europe – concerns facilitating the development of safe, sustainable and accessible transport. The fourth investment direction – a social and inclusive

Europe – focuses on providing equal opportunities and access for the Latvian population to education, healthcare and the labour market. The fifth direction – a Europe closer to citizens – will promote sustainable and balanced regional development. Finally, the sixth direction provides for support for overcoming socio-economic difficulties in connection with the transition to climate neutrality.

** The EU Cohesion Policy Programme for 2021-2027 (European Social Fund Plus, European Regional Development Fund, Cohesion Fund, Just Transition Fund), the ESF+ Programme for Reducing Material Deprivation (European Social Fund Plus), the Action Programme for Fisheries Development 2021-2027 (European Maritime, Fisheries and Aquaculture Fund).*

[Photos from the meeting](#)

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