

Minister for Finance Jānis Reirs: A significant step has been made towards the receipt of the Recovery and Resilience Facility funding

Published: 05.02.2021.

[News](#)

On Thursday, February 4, the Government reviewed and approved the draft Recovery and Resilience Facility (RRF) plan for Latvia submitted by the Minister for Finance. The draft plan that has been prepared in accordance with the objectives of the National Development Plan and the recommendations from the European Commission (EC), after the review thereof in the Government will be passed for coordination to the EC.

The RRF (*Recovery and Resilience Facility*) - is a new budget programme under the centralised management of the EC, established in addition to the EU multiannual budget for the programming period of 2021 - 2027.

☞ The Minister for Finance Jānis Reirs emphasis: "The Recovery and Resilience Facility is a new and unprecedented financing programme for Europe. We have agreed upon the plan on the allocation of the funding thereof for the development and economic growth of Latvia. The reforms and investments provided for in the plan are oriented towards a long-term development of our country with a special focus on productivity growth through green and digital transformation. We are ready to start investing the funds of the Recovery and Resilience Facility into Latvian economy already this year."

A significant key condition for the EC to approve the RRF plans of the Member States is the observance of the recommendations from the EU Council. Therefore, when developing the RRF plan, Latvia put a special emphasis on the recommendations set by the EU Council for sound and successful growth of Latvia. The draft incorporates such recommendations as allocation of investments to a green transformation and digital transition, focussing contributions on innovations and sustainable transport and digital infrastructure. In the field of social inclusion, the recommendations for strengthening the resilience and availability of the health system, were considered, inter alia, providing it with additional human resources and financial resources. Efforts will also be exerted to reduce the impact of crisis on employment, inter alia, by means of a flexible work regime, active labour market events and skill enhancement. In turn, in the field of governance, it is planned to implement such recommendation of the EU Council as improvement of responsibility and effectiveness of the public sector, as well as prevention of conflicts of interest, especially, with respect to local governments and the State and municipal enterprises.

The second key condition is that the planned investments must be linked to reforms. The plan must, first of all, include the objectives and the necessary reforms for achieving the objectives, investments for the implementation thereof, including as the last particular projects, by which it is intended to achieve the objectives. Being guided by these principles and the EU recommendations, it is planned to allocate the RRF investments for the implementation of the following structural reforms: transition to sustainable transport, energy efficiency in all sectors (in the field of climate), enhancing the solutions of information and communication technologies in public sector for improvement of entrepreneurial environment (in the field of digital transformation), effectiveness of the network of health services (in the field of health), administrative territorial reform (in the field of reducing inequality), raising productivity, consolidation of higher education institutions (in the field of economic transformation), strengthening the combating of shadow economy and economic crime (in the field of rule of law).

Following the receipt of the opinion from the EC, the draft plan will be enhanced in cooperation with the social and cooperation partners. Implementa

tion conditions for particular investment projects will be developed after the particular planned investment measures would be approved by the Cabinet. The RRF funds could be available for Latvia in the second half of this year.

The work on introduction of the RRF is being organised in six directions - climate change and sustainability, digital transformation, transformation of economy and productivity reform, health, reducing inequality and the rule of law. Following the EC recommendations, 20% of the RRF funds are planned to be allocated to digitisation and 37% - for achieving climate objectives. It

is planned to allocate EUR 330 million (20% of the RRF funds) for reducing inequality, EUR 181.5 million (11%) - to the health sector projects, EUR 165 million (10%) - to transformation of economy and productivity reforms, and EUR 33 million (2%) - for strengthening the rule of law. The guaranteed available funding for Latvia comprises EUR 1.65 billion; therewith, for the time being, the RRF plan has been prepared within the scope of this amount.

To prevent the harm caused by Covid-19 pandemic to economy and social field, stimulate the recovery of Europe, as well as to protect and create jobs, in Spring this year, the EC proposed to introduce a large-scale European recovery plan. The purpose thereof is to support reforms and investments, specifically those related to the transition to a green and digital economy, as well as to reduce the social and economic impact caused by the crisis.

A significant part of the European recovery funding has been allocated to the RRF. The creation of the EU support facility of such scale within such a comparatively short timeframe is unprecedented. At the end of 2020, the EU legislators reached a conceptual agreement regarding the RRF regulation, which is expected to be approved in the European Parliament at the beginning of February this year.

The draft Cabinet protocol decision and the concept note (in Latvian) is available for review on the [website of the Cabinet](#). The draft RRF plan and infographics (in Latvian) are available on the [EU funds website](#).

<https://www.fm.gov.lv/en/article/minister-finance-janis-reirs-significant-step-has-been-made-towards-receipt-recovery-and-resilience-facility-funding>