



Recovery and Resilience Plan Latvia

Budget

Overall, the Latvian RRP includes measures worth **€1.82 billion** (or 5% of domestic GDP) of which € 1.64 billion is guaranteed, while the rest will be calculated in 2023 based in the economic situation in the EU countries.

37 % of the budget will go for the climate objective (including transport, energy efficiency and adaptation measures) 10% for health sector, **20 % reducing inequality (especially from energy poverty perspective**, where there is a good possibility to combine different measures).



Governance

The Ministry of Finance¹ is responsible for the planning and implementation. In February 2021 the Ministry put on public consultation online and a Parliamentary discussion also took place besides a multi-stakeholders meeting.



Structure

The measures of the RRP are organised into six areas: **green transition (€ 676.2 million** representing 37.6% of the total allocation), digital transition, healthcare, reduction of inequality, productivity and the rule of law.

The plan includes 85 measures addressing Latvia's main challenges (**green and digital transitions, social exclusion**, healthcare, **regional disparities**, digital skills and education, convergence and productivity growth, research and innovation and support for business investments, and administrative capacity).

¹ <https://www.fm.gov.lv/lv/aktualitates/jaunumi/62733-atveselosanas-un-noturibas-mehanizam-iesniegti-projekti-75-miljardu-eiro-apmera>

Link to the Semester

The plan includes a set of reforms and investments that address economic and social challenges outlined in the country-specific recommendations in 2019 and in 2020, notably those in the areas of **social inclusion**, such as research and innovation; investments, such as **green** and digital transition, **affordable housing** to improve regional labour mobility.²

Relevant parts

Green transition

In this component, in total **€248 million** (46% of investments) **will target energy efficiency in multi-apartment buildings** (€ 36.63 million), **central government, historical buildings** (€ 36.63 million) **municipal buildings** (€ 29.3 million) **and the business sector** (€ 120,6 million being the largest recipient of funds).

In addition, the investments will enable the State Fire and Rescue Service to build **8 new modular depots** and help implement **29 polder and dam projects to reduce flood risks** in 59 000 ha of Latvia's territory. As a result, Latvia aims to save 36 241 tons of CO₂ and 49 812 MWh/year in primary energy use.



Building renovation

The recovery and resilience plan includes measures with a focus on the improvement of **energy efficiency in multiapartment and public buildings**. It is known from the Plan that 182 multifamily buildings will be renovated, which will not be enough to reach national objectives set for 2030.³

In short, the Plan presents a **low level of ambition on energy**. According to the European Commission's assessment,⁴ *to achieve its 2030 energy efficiency target, Latvia should speed up building renovation. Current renovation plans fall significantly short of the efforts needed to achieve the 2030 national contribution.*

If the updated Latvian National Energy and Climate Plan (NECP) envisages **the renovation of 3000 multi-apartment buildings by 2030**, the current allocation of EU funds would not contribute to achieve this objective. Combined, the funding under the Multi-Financial Framework (MFF) and the Recovery and Resilience Facility would only cover the renovation of about **550 buildings or about 18.4% of this 3000 target**, which would therefore not be met.⁵

² Page 3, Proposal for a COUNCIL IMPLEMENTING DECISION on the approval of the assessment of the recovery and resilience plan for Latvia, June 2021 https://ec.europa.eu/info/system/files/com-2021-340_en.pdf

³ Information provided by Karine Jegiazarjana and Anna Austrina from Ekubirojs (ESEB), based on Recovery and resilience plan for Latvia

⁴ Page 14, Assessment of the European Commission https://ec.europa.eu/info/sites/default/files/com-2021-340_sw_d_en.pdf

⁵ [Bankwatch \(2021\). More of the same secrecy in Latvia and Romania as EU recovery funds planning gets underway](#)

In terms of non-residential buildings, the Plan aims at least 30% energy efficiency improvements and 30% greenhouse emissions reduction. It is planned to support about 167 projects.⁶

Improving the investments in energy efficiency would help to address the issue of **energy poverty**, as the less wealthy population of Latvia lives in those multi-apartment buildings that would benefit from renovation through EU funds.

In its assessment⁷, the European Commission proposes speeding up renovation:

- (i) scaling up current support programmes;
- (ii) reducing the administrative cost of building renovation, including through project standardisation and aggregation; and
- (iii) greater availability of low-cost, long-term financing and private capital to reduce the public cost of renovating private buildings.

Energy efficiency measures combined with renewable solutions should be encouraged, and due attention to energy poverty should be given when designing support measures. The long-term renovation strategy should be used as basis for undertaking renovation measures by 2050.



District heating

In Latvia more than half (58%) of energy consumed is used for heating – for homes, hospitals, schools and offices. In the last 20 years, with the support of EU funds, Latvia has already expanded and renewed its district heating networks, switching across most of the system from gas to biomass. However, there is still a long way to go for Latvia as the country needs to consider other innovations that will keep district heating using renewable sources.

Latvia already has a good example of a **modern and super-efficient solar district heating plant, built in less than six months**: Salaspils Siltums, which provides 85% of the district heating to a town of about 18000 people.⁸

Such investments not only make district heating more efficient and less polluting; they also make it more attractive financially. As a result of these upgrades, district heating can be the most affordable form of heating and provide full service for Latvians with stability, safety and comfort.

Unfortunately, **no support** from the Recovery and Resilience Facility is expected to be dedicated **to district heating and cooling**.⁹

In terms of renewables the effort is concentrated on supporting the transition to renewables in central administration building with cultural functions. Also, it is planned to implement renewable energy technologies, within the framework of which measures are planned for the purchase of solar, wind, biomass and other RES equipment, construction of connections and documentation.¹⁰

⁶ Information provided by Karine Jegiazarjana and Anna Austrina from Ekubirojs (ESEB), based on Recovery and resilience plan for Latvia

⁷ Page 14, Assessment of the European Commission https://ec.europa.eu/info/sites/default/files/com-2021-340_sw_d_en.pdf

⁸ Bankwatch (2019). [First large-scale solar district heating plant in the Baltics opens in Latvia](#)

⁹ Bankwatch, Green Liberty (2021). [District heating – the role of EU investments.](#)

¹⁰ [01_anm_plans_04062021.pdf](#) para. 402 (ii)

In addition, it is planned to synchronise the Baltic electricity systems with the networks of continental Europe, that will contribute to the promotion of the use of local renewable energy resources for the production of electricity using solar energy.

Finally, in the Latvian long-term strategy for building restoration, the purchase and installation of heat-producing sources using renewables as well as the wider use of RES, promoting their use in the building sector, are stated together in a way to increase energy efficiency of municipal buildings and infrastructure.¹¹

Mitigation and adaptation measures

The recovery and resilience plan also focuses on climate change adaptation thanks to investment in flood prevention and fire prevention which should directly contribute to the objective of adapting to the consequences of climate change.

In addition, adaptation and digitalisation links can be explored through the consideration of building level-adaptation measures and support for the development and use of digital tools (e.g. to improve energy efficiency assessment and encourage smart energy use). Also, there is a planned reform that creates the preconditions for the implementation of data management reform: modernization of data and processes of tax services, led by the Ministry of Finance.¹²



Reduction of inequalities

This component represents € 370 million (20% of the total allocation). Beyond the provision of 700 new affordable housing, the component includes also measures providing accessibility to private homes for 259 persons with disabilities and to 63 public buildings and build long-term care facilities for 852 elderly persons.

A financing fund for the construction of affordable housing will be established, providing access to long-term loans with low interest rates with a grant element. Total investment for the establishment of such a funding fund – € 42,9 million (of which 3% is for administration). Accordingly, the financing of low rental housing projects will have an indicative amount of € 41, 61 million. Such a financing fund would be set up and managed by the Development Finance Institution Altum.¹³



Link to the NECP

According to Ekubirojs (ESEB)¹⁴, the RRP makes direct links to the NECP and LTRS and sets clear targets in terms of number of buildings, carbon reduction or energy efficiency savings to be achieved across different property types.

¹¹ Information provided by Karine Jegiazarjana and Anna Austrina from Ekubirojs (ESEB), based on Recovery and resilience plan for Latvia

¹² Information provided by Karine Jegiazarjana and Anna Austrina from Ekubirojs (ESEB), based on Recovery and resilience plan for Latvia

¹³ Cf. LV RRP, para 962 – 963

¹⁴ Analysis prepared by Karine Jegiazarjana and Anna Austrina from Ekubirojs (ESEB), based on Recovery and resilience plan for Latvia

Despite the plan not having explicit references to the Renovation Wave as such, it **uses metrics such as greenhouses reduction, energy efficiency improvement in Mhw/year to measure the improvements.**

According to the Recovery Plan, an investment gap will remain for the apartment buildings sector, which has a target of improving 2,000 apartment buildings by 2030. NRRP will add 182 apartment buildings to 370 renovations already planned within the EU r 2021-2027 planning period. To be eligible, measures are expected to deliver **at least medium depth of renovation** (30% reduction in energy consumption) for apartment, public sector and business buildings. The results of primary energy reduction will be checked after the project implementation, as well as business buildings additionally require energy audit.

It is unclear whether the programmes would encourage integrated energy efficiency solutions or focus on individual measures. **Energy efficiency first principle is mentioned as a desired situation in 2030** together with growing engagement and understanding about energy efficiency and desire to include it into the life of individuals and the society.

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