

# Municipalities will be eligible for 54 million euro to achieve the objectives of municipal reform for the Investment Programme

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Riga, April 13, 2021 - Today the Cabinet (MK) approved the draft rules prepared by the Ministry of Environmental Protection and Regional Development (VARAM), "Procedures for the Application, Review and Grant of High-Ready Local Government Investment Projects". Thus, in order to mitigate the effects of Covid-19 at regional level and to achieve the objectives of administratively territorial reform, by improving the availability and quality of services, municipalities are invited to develop high-readiness investment projects and to apply for national co-financing in the form of grants. Total public budget funding for this investment programme is estimated at € 54 million 300 thousand.

99 Environment Protection and Regional Development Minister Artūrs Toms Plešs (AP!): *"In order to promote the overall economic development of the country, it is important to create capable and growth-oriented local governments that not only create more opportunities for entrepreneurs, thereby also providing a favourable environment for creating new jobs, but also provide better services for the population. In implementing local government reform and the reduction of the effects of Covid-19 in the economy, development-oriented decisions are to be taken today's draft, approved by the Ministry, where 54 million eir is available to municipalities in the form of grants to mitigate the effects of Covid-19 at regional level and to achieve the objectives of local government reform. o. I call on local governments to apply for high-readiness projects essential for the development of their territory."*

State aid in the form of grants will be eligible for the submission by 14 May 2021 of investment projects under the investment plan of the relevant local government development programme and corresponding to at least one of the stated objectives. . In particular, the investment project should either focus on the development of local government services infrastructure, improving the quality and accessibility of services for citizens, or the investment project should be intended for the second round of construction of the East Highway section of Riga.

When applying for aid, it should be noted that for projects notified for the development of municipal services infrastructure, improving the quality and accessibility of services for the population, public budget financing is limited to EUR 500 thousand and to a maximum of EUR 3 million EUR. for one project and not more than 3 mil J. the euro for one municipality. . On the other hand, for the project, which has been announced for the second round of construction of the East Highway section of Riga, the State budget financing is not more than 27 mil. J. 150 thousand euro, as well as an opinion from the Ministry of Transport confirming the necessity and sustainability of the project.

Similarly, local governments should ensure co-financing of not less than 15% of the total project costs of the local government for the year concerned, as well as the investment project must certify the use of State budget financing at least 50% by 31 December 2021.

VARAM developed a draft regulation on the basis of the amendments to the Covid-19 Law on Management of the Effects of spread of infection, supported by the Saeima on 18 March 2021.

Also, for the second year in a row, the Ministry has been implementing a national lending programme for municipalities to mitigate and prevent the effects of the crisis caused by Covid-19, for which EUR 150 000 is available for municipal loans this year. . The adoption of this State loan will take priority of high-readiness local government projects to be launched this year and to be completed by December 2022 at the latest. m. Last year, the state loan granted to municipalities in the programme amounted to 99.6 million EUR. and a total of 307 road tracking, energy efficiency improvements and other investment projects.

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