



Ministry of Economics of the Republic of Latvia



ACTION PLAN
**INNO Industry - Improving innovation delivery of
policies within 4.0 industry in Europe**

LATVIA
Ministry of Economics

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Part I – General information

Project: INNO Industry - Improving innovation delivery of policies within industry 4.0 in Europe

Partner

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Part II – Policy context

- The Action Plan aims to impact:
- Investment for Growth and Jobs programme
 - European Territorial Cooperation programme
 - Other regional development policy instrument

Name of the policy instrument(s) addressed: **Improving the digital transformation of business policy under Latvia's Recovery and Resilience Plan**

The Ministry of Economics at the beginning of the INNOindustry project in the project's Application form set out to address Operational Programme "Growth and Employment" that sets the investment principles of EU funds, the results to be achieved and the areas of support for the entire EU funds acquisition period.

Initially the policy instrument set to improve was Operational Programme's "Growth and Employment" Investment Priority No. 3.2. – supporting the capacity of SMEs to engage in regional, national, and international market, and innovation processes and the following activities under the measure No. 3.2.1. (increasing export proportion of high value added products and services): support for the development of clusters that include measures to promote international cooperation; marketing activities, market research and industry development research, training for cluster coordinators, cooperation with educational and scientific institutions, and clusters services to partners, to strengthen exporting abilities, increase quality of services and development of niche services.

However, the implementation of the project was hugely affected by the ongoing Covid-19 pandemic that forced the Ministry of Economics to re-think its previously proposed policy initiatives. Since the success of the initial policy instrument proposed depended on different networking activities notably in person activities. Unfortunately, due to the pandemic these activities couldn't have been carried out, nor could the Ministry rely on the fragile and changing epidemiological situation to be able to implement the project in the allotted time.

For that reason, the Ministry of Economics refocused its attention to helping businesses to successfully adapt to the new challenges created by the Covid-19 pandemic which cannot be ignored. Today the environment in which public governance operates is characterised by a rapid pace of change, unexpected events, and ongoing digitalisation. Moreover, the direction in which these changes will take us is often uncertain.

As a result of these changes caused by Covid-19 pandemic that altered our everyday lives and former business models, governments, and public administrations experienced undivided attention from the public, including business leaders, in hopes of finding state support to successfully overcome the challenges caused by the pandemic.

The Covid-19 pandemic affected both businesses and policy makers by closing borders and tampering global economic trends that pointed towards a much needed and anticipated shift towards digital transformation. Many of the Ministry's initially planned activities had to be overlooked and the action plan had to be adapted to the current challenges.

Digitalisation of businesses is equally important in the light of economic recovery as the European Council and the Commission are committed to supporting economic recovery by moving to a climate-neutral and sustainable digital economy.

To reach this goal, this Action plan sets to improve **Digital transformation of business policy under Latvia's Recovery and Resilience Plan**. Latvia's Recovery and Resilience Plan

(LRRP) is a national level planning document that aims to support reforms and investments related to the transition to the green and digital economy and to mitigate the social and economic impacts of Covid-19 crisis. LRRP provides support under six priority policy pillars, one of which is Digital transformation. The objectives of Digital transformation pillar will be achieved by means of actions under the Priority Digital transformation of businesses and innovation. One of the main reasons why this policy instrument should be improved is to reach the target set in LRRP which is to establish European Digital Innovation Hubs (EDIH) within the EU network with regional coverage and a unified and coordinated ecosystem to support the digitisation of businesses.

Covid-19 had a significant impact on most businesses and underlined a significant difference in the ability of different companies to adapt to the new challenges. Companies with a higher level of digitisation were more successful in adapting to the new business environment.

Although Covid-19 had a negative impact on the services sector, at the same time, because of people's shopping habit change, there was additional demand in such sectors as production, e-commerce, and supply. However, this additional demand for many businesses highlighted the insufficient use of digital solutions and the lack of employees' digital skills that could contribute to increase production capacity and business development by promoting their competitiveness not only locally but also globally.

As the Covid-19 pandemic continues, it is clear that these challenges are not a short-term trend, but businesses, in order to stay competitive, will be required to invest more in new technologies, automation solutions, digitalisation of business processes, and human capital. To provide the necessary support, the Ministry of Economics took these challenges and transformed them into a long-term policy. Ministry brought these new challenges created by Covid-19 pandemic at the core of public governance to translate them into a policy that best responds to current business needs and expectations.

The challenges that public sector needs to address are becoming more complex and increasingly pluralistic, meaning the problems can no longer be solved as easily as they once were and one solution won't fit every situation, thus challenging public actors to look at problems in a more complex manner. Since the public resources are limited, it is important to concentrate them into a coordinated support, thereby making the support mechanisms more efficient. Fit for purpose policies often are fragmented and lack alignment. For this reason, Ministry is looking into creating a vision-driven policy that is based on long-term strategic goals of creating smart digitised industries.

As the policies originally presented in the project Application form did not meet the current socioeconomic changes, the Ministry of Economics took up this opportunity to reshape the Digital transformation of businesses and innovation policy under LRRP so that it would best help businesses to successfully adapt to the increasingly digital business environment. Even though there are already different existing digitisation initiatives in Latvia, they are often fragmented and administered by different institutions, making it difficult for businesses to get an overall picture of support instruments available for them let alone get a consultation about different digitisation questions.

By improving Digital transformation of businesses and innovation policy in Latvia, the Ministry of Economics is taking a pro-active approach to provide support necessary for the businesses in finding new ways to engage with digital technologies and solutions. During the INNOindustry project the Ministry of Economics not only strengthened its cooperation with local stakeholders - various industry associations and organisations -, but also gained valuable information through good practices shared by project partners. In particular, from good practice shared by project partner from Slovenia on Digital Innovation Hubs and how to create a one-stop-shop for getting information and support regarding the digital transformation of businesses.

Throughout the workgroups with local stakeholders and benefiting from good practices shared by project partners, the Ministry of Economics set out one an objective in this action plan to support digital transformation of businesses by creating a one-stop support agency for digital transformation of businesses. This one-stop agency will come into force under European Digital Innovation Hubs. By creating a business-centric digital transformation policy Ministry aims to

provide aid that meets the individual needs of each business, thus not only saving private and public resources, but also proactively supporting digital transformation and encouraging our businesses to profit from the opportunities provided by it.

Part III – Details of the actions envisaged

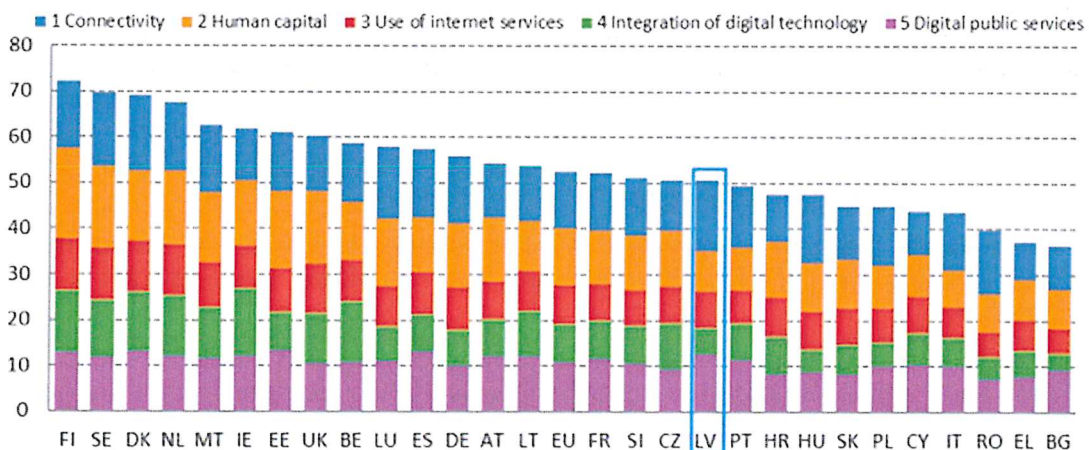
1. The background

The environment in which public governance is operating today is characterised by a digitisation and a rapid pace of change. Covid-19 pandemic not only proved how important digital assets are to our economy by allowing work to continue remotely, but also showed that Latvia still needs a great deal of work to be able to profit fully from all the opportunities that come with digitisation, especially in a business environment.

To improve business digitisation and to improve the digital economy in Latvia, the Ministry is determined to strengthen digital transformation policy for businesses in Latvia and plans to achieve that by creating a full support cycle for businesses in Latvia. The digitalisation of companies is equally important in the light of economic recovery as the European Council and the European Commission have undertaken to frame the support to the recovery along with the twin transition to a climate neutral and resilient digital transformation.

To better understand how to develop policies that respond to the specific needs of the Latvian business environment, reliable data is necessary. The Ministry of Economics looked at the available data and surveyed main stakeholders, to get a better understanding of the current challenges that local businesses face and how to respond to them in the most meaningful way possible.

The European Commission monitors Member States' digital progress through Digital Economy and Society Index (DESI). Latvia in the 2020 DESI index ranks below EU average and places only in 18th place out of 28 Member States. Even more so, in the last year Latvia fell three places in the ranking compared to 15th place in 2019 and 2018. Latvia's current ranking is a sure indicator that a closer look at the DESI index is required.

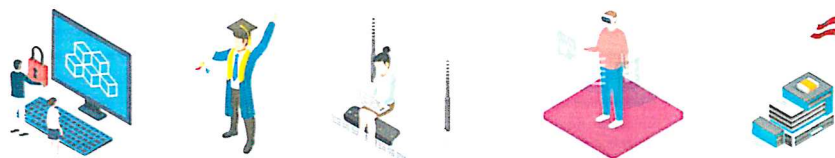


Digital Economy and Society Index (DESI) 2020 ranking

DESI index looks at Member States' digitalisation across five dimensions that include Connectivity, Human capital, Use of the internet services, Integration of digital technology, and Public services. The Ministry of Economics broke down the index in these five components to pinpoint the main areas where Latvia lacks leadership and needs more attention.

Historically, in the DESI index Latvia performs well and places above the EU average in such dimensions as connectivity (4th place) and public services (5th place). The demand for digital public services and the number of digital public services grew last year. Due to Covid-19 restrictions more people started using public services remotely. Similarly, Latvia has a very good broadband coverage with fast and high-capacity networks.

In contrast, Latvian businesses fail to take the advantage of the opportunities that digital technologies offer. Latvia scores well below EU average in such DESI index dimensions as use of Internet services (19th place), Integration of digital technology (23rd place), and Human capital (24th place). Very few companies use big data, cloud services, have any social media activities, and only 11% of SMEs sell their products online. Additionally, many Latvians lack enough digital skills.



	CONNECTIVITY	HUMAN CAPITAL	USE OF INTERNET SERVICES	INTEGRATION OF DIGITAL TECHNOLOGY	DIGITAL PUBLIC SERVICES
DESI 2020	4	24	19	23	5
DESI 2019	2	21	15	25	5
DESI 2018	3	21	13	25	8

DESI main dimension outlook

When looked at the DESI index indicators, Latvia performs weaker in the dimensions that are closely connected to the businesses – digital skills and digital integration in businesses. Moreover, this is the main area that is relevant for the economic recovery after the Covid-19 pandemic. As Europe and Latvia are slowly starting to exit from Covid-19 pandemic, Ministry is set to take into account lessons learned from this crisis. To gain a better understanding of the current situation of Latvian business environment digitalisation, it's necessary to dive deeper into these three dimensions in which Latvia did poorly.

Use of Internet services. Overall, the use of Internet services in Latvia almost matches the EU average. More than 4 out of five people use the internet on a weekly basis and 3 out of 4 people uses Internet to read news, use social media or for entertainment to listen to music or play video games online. However, there are a few red flags there. One of them is that Latvia has been falling in ranks in recent years. Latvia on the use of Internet services ranked only 19th in DESI index 2020, compared to 15th place in 2019 and 13th place in 2018.

Another aspect that can be improved is taking online courses. Even though many Latvians feel comfortable using Internet for different pass time activities, Latvians rarely engage in e-learning activities.

Lastly, there is unused potential in the e-commerce sector in Latvia. If slightly over half of the population shop online, then on the other hand only 10% of companies sell their goods online. Meaning that these businesses are dependent on in person sales, that were gravely affected during the pandemic.

Even though many Latvians feel comfortable using the Internet services for different activities, local businesses don't profit from this situation to the fullest. For this reason, it's important to support businesses in implementing more online services in their businesses to make them more accessible for everyone.

Integration of digital technology. Latvia ranks only 23rd amongst other EU Member States on the integration of digital technology. Unfortunately, Latvian enterprises don't profit enough from the possible benefits of integrating digital solutions in their businesses. Even though Latvia has set digital transformation of the economy as one of the main priorities in all the most important national strategies and planning documents, Latvia hasn't been able to successfully translate all these initiatives into practical policies.

Surely, the government has created a number of initiatives to support digital transformation, but often they are fragmented and lack alignment. Businesses often must go to different agencies to get necessary information for each support mechanism. A large part of small businesses does not have the capacity to adapt new technologies due to a lack of motivation, knowledge, access to finance, and digital skills. For this reason, Ministry is looking to improve the availability of information about support initiatives and the possible gains businesses can achieve with digital transformation.

Human capital. Unfortunately, Latvia in DESI index ranked only 24th amongst 28 Member States for the digital skills level. Moreover, Latvia's rank last year deteriorated compared to previous years. Digital and software skill levels in Latvia stayed considerably below EU average. Another weak point for Latvia is ICT specialists. Despite the fact that 5% of all graduates are ICT graduates (compared to 3.6% EU average), ICT specialists only make 1.7% of total employment (compared to 3.9% of the EU average) and female ICT specialists make only 0.5% of female employment (compared to 1.4% of the EU average).

These numbers clearly show that in human capital indicators Latvia tails off behind other Member States. Currently the government is offering different initiatives for re-skilling and up-skilling of employees and unemployed people. Regardless, it's important to continue state aid for such initiatives, since without the right knowledge it will be impossible to go further with the digital transformation. It's particularly important to continue support for businesses and for up-skilling and re-skilling of their employees. Latvia's poor ranking in use of Internet services and integration of digital technologies can be partly explained by insufficient digital skills of employees for integrating different digital solutions in their businesses.

Similar conclusions to those from DESI index 2020 were made in Organisation for Economic Co-operation and Development's report "Going Digital in Latvia" (OECD report) published on February 10, 2021. At the initiative of Latvian government, OECD carried out an assessment of Latvia's overall digitalisation in order to analyse and make recommendations to policy planners in different sectors to respond both to the challenges and opportunities arising from digital transformation by developing and introducing policy frameworks that promote a sustainable and inclusive digital economy and society.

One of the main conclusions that the OECD experts pointed out is that the key to increasing the uptake and the use of digital technologies is a need to improve digital skills and to increase the use of digital technologies in companies. The OECD report pointed out that Latvia has made significant progress in Internet usage with Latvian government being one of the leaders in Europe on digital government related matters. However, people in Latvia and businesses lag behind other OECD countries.

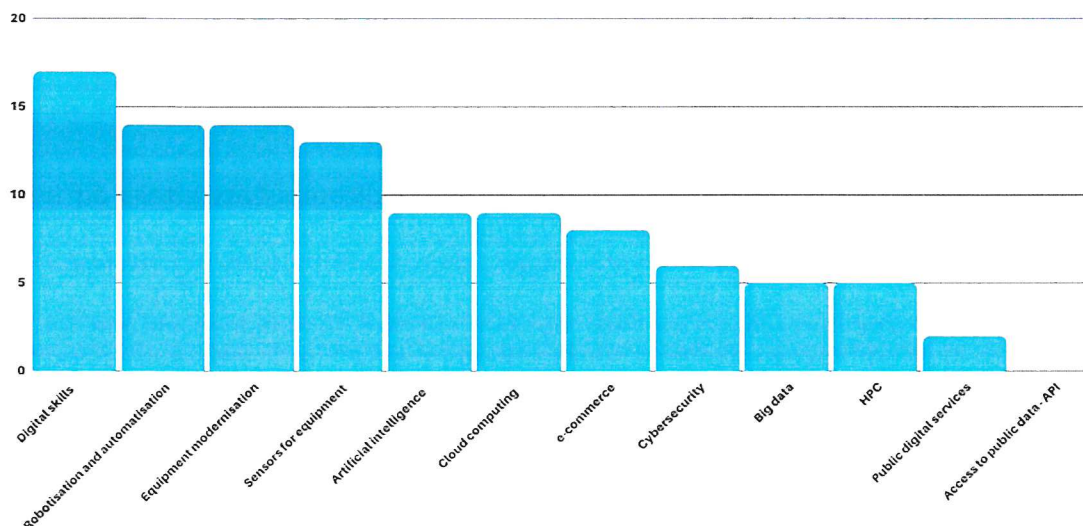
The OECD report recommends enhancing different policies related to digital transformation to improve Latvia's competitiveness. It's particularly important to work on upgrading digital skills on all levels. Another important aspect to work on is increasing digital uptake by companies. This includes providing different consultancy opportunities for businesses to help them orientate between different digital solutions that fits their needs the best.

Furthermore, Latvia should promote seizing digital opportunities for innovation. Innovation can help to improve productivity in Latvia. Digital innovation holds a large potential for addressing different societal and economic challenges. To do so, Latvian government should work on increasing funding for different ICT research projects and their *ex-post* evaluation. Additionally, it's necessary to define more clearly the role of different ICT-related bodies.

Both papers outline the same challenges that Latvia faces with the digital transformation. Even though Latvia has a well-developed infrastructure for connectivity and public services can be accessed online, local businesses and people skills lag behind other European countries. Both papers underline the same trend, that without sufficient information and digital skills businesses can't implement new technological solutions.

Similar conclusions can be drawn from different workshops and discussions that the Ministry has held with different industry stakeholders during INNOindustry project. Also, the survey organised by the Ministry of Economics underlined the same challenges. In the survey businesses were asked in which tools they need most investments in. Surveyed showed that digital skills come on top as the main investment priority even for businesses themselves. Other investments in robotisation and automatization, equipment modernisation, sensors, artificial intelligence all come only after investments in employees' digital skills.

In which tools businesses require investments?



Survey on the Investment Needs of Businesses in Latvia

This survey pointed out the main hypothesis on which upon Ministry based all the policies described in this Action plan – without the necessary skills and understanding how digital solutions can enhance business productivity, no significant progress can be made in the use of Internet services or integration of technology. All these aspects must be looked at combined. Investments in digital skills will accelerate digital transformation in businesses as well.

All the data gathered from different papers and from stakeholder workshops and meetings underlined the main issue. Even though there are already different support mechanisms available aimed at improving the digitalisation of businesses and the digital skills level, these initiatives are fragmented and there is not enough information available about them. Businesses need to go to different agencies to gather information about different state aid instruments. It takes a lot of time and can't provide an overall picture for a business to understand what state aid instruments are available to them.

Improvement will only come with a nationwide strategy implemented by public institutions. To do so, the Ministry of Economics needs to change the current approach that is often fragmented and bring all the support mechanisms together in one place. The main goal of the Ministry of Economics is to create a one-stop agency that will provide a full support cycle for the businesses that starts with developing digital skills of businesses and their employees and moves towards to process digitisation, introducing new products and services, provides loans for Industry 4.0 and supports business environment activities to lower the bureaucratic burden.

Another important aspect is that currently there is a lack of general information available for businesses on different aspects about digitalisation. If a business is just starting to think about digitising its processes or implementing new digital products, often the amount of information about different opportunities might be overwhelming. For this reason, different consultancy opportunities need to be provided for businesses no to only help them navigate between different digital solutions that fits their needs the best, but also provide overall digital level evaluation for a business that only starts their digitalisation journey.

The good practice shared by project partners from Slovenia on Digital Innovation Hub (DIH) provided an invaluable experience for better organising state aid support for the digitalisation of businesses. Slovenian DIH faced the same challenges that Latvian business environment faces today – high fragmentation of business support providers, unclear information for different support mechanisms, lack of best practice and knowledge sharing point. The analysis of different research papers and stakeholder group meetings helped to better adopt and localize the Slovenian DIH experience in Latvia to create a local one-stop agency for business consultancy on digitalisation matters.

This one-stop agency will come into force under EDIH that will provide businesses with a full support cycle starting from a mentorship and guiding them through all the support mechanisms available, to bringing together businesses with a specific state aid provider. Currently, the Ministry of Economics is planning to operate with two EDIH and additionally will create a regional network of EDIH connection points in different regions of Latvia so that the businesses who are willing to introduce digital technologies in their companies can get all the information that they might need in one place.

2. Action

This Action Plan addresses thematic objectives and investment priorities set out in **Latvia's Recovery and Resilience Plan**. LRRP provides support under six policy pillars, one of which is "Digital transformation". The objectives of Digital transformation pillar will be achieved by means of actions under the Priority "Digital transformation of businesses and innovation". The objectives set out in the LRRP under the Priority "Digital transformation of businesses and innovation" are also the focus of this Action plan and sets out to promote the digital transformation of Latvia's economy by implementing a new project – introducing European Digital Innovation Hubs in Latvia.

EDIH will work as a one-stop agency where businesses will be able to receive all the necessary information about state aid instruments that are available for the digitalisation of their business. By focusing all the state aid instruments under one agency, Ministry of Economics is stepping away from fragmented policy initiatives and puts companies in the focus. Considering that each business is unique, and their needs may differ just as much as their digitisation level, this model permits to respond to the exact needs of the business.

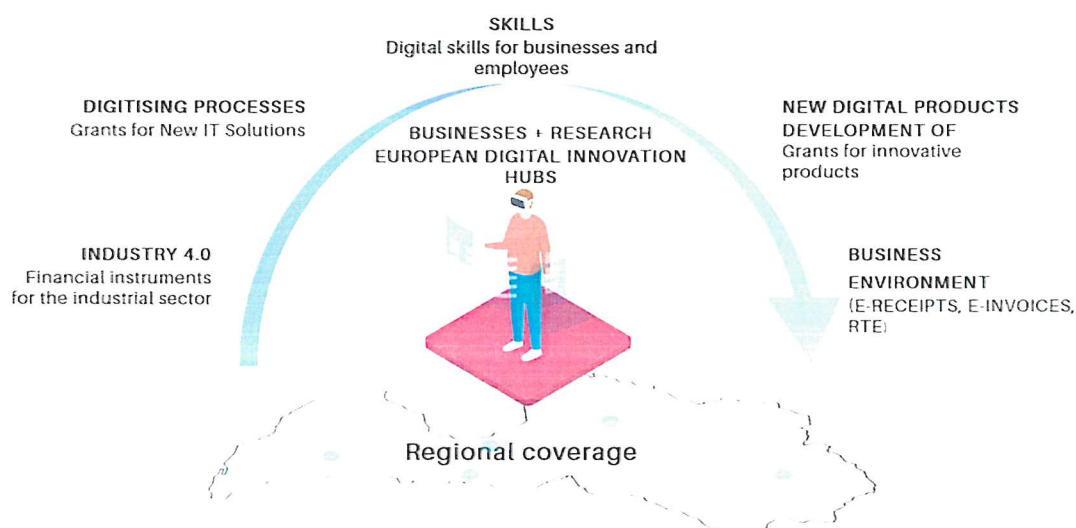
This model will also save public and private resources. Businesses will be able to get all the necessary information in one place which will help them navigate through all the support mechanisms available to start their digitalisation journey. Public sector on the other hand will acquire a coordinated support system for promoting the digitisation of businesses and economy that will facilitate the monitoring process of the support mechanisms.

To successfully implement this Action Plan, Ministry of Economics has set out five main stages of designing and implementing the Action Plan:

1. Problem definition – together with industry stakeholders and from analysing different resources a clear need for strengthening businesses' digitisation capacity arose. This helped to define the main problem – there is a high share of untapped business digitisation in Latvia;
2. Agenda setting – after successfully defining the policy problem and gaining valuable knowledge from project partners on their good practices on how to tackle similar challenges, a concept of EDIH was developed. That will not only help facilitating digitisation of businesses in Latvia, but also to reach policy results set out in LRRP;
3. Policy development – after designing the concept of EDIH, work on drafting the necessary legislation was started. Currently, the Ministry of Economics in collaboration with the stakeholder group is working on developing all the necessary legislation for the functioning of EDIH and the support programmes that will work under EDIH. The concept of EDIH are based on the good practice shared by project partners;

4. Implementation – once these draft legislations will be approved by the Cabinet of Ministers, implementation of EDIH will be launched and businesses in Latvia will be able to receive state aid support offered by EDIH;
5. Policy evaluation and monitoring - once the legislation will be approved and the EDIH will be launched, it will be possible to monitor and evaluate EDIH. If necessary, adjustments will be made to ensure the administrative burdens are reduced to the minimum and that the policy is in line with its objectives.

Full support cycle offered by EDIH will provide support for businesses of any size and location. After coming to EDIH, businesses will be able to receive any support they require – grants for digitising processes, grants for innovative products, financial instruments, grants for developing digital skills.



Full support cycle model.

The creation of EDIH in Latvia will have multiple benefits. EDIH will raise awareness among businesses of the benefits of digital technologies in promoting competitiveness and ensure the digital transformation process throughout Latvia. For the businesses EDIH will provide:

- ❖ a self-assessment of the digital development stage (digital maturity test),
- ❖ the necessary training for the management of the companies and its employees,
- ❖ identify the necessary infrastructure investment needs,
- ❖ opportunities for promoting business' international recognition,
- ❖ support for creating new innovative products, services, and technological solutions.

The support process itself will consist of several steps. First, it starts with a business itself. A business must understand that there's a need for improvement. If a business is not competitive compared to other businesses, it needs to improve. Whether it's by implementing new technologies or simply learn new digital skills. However, often it's hard to navigate through all the new digital solutions available, especially since each business has its own needs that differ from the area that the business works and from other business specific aspects. EDIH will help to identify business's needs and underline the areas in which the business can improve.



Business application process.

After a business has concluded that they want to improve, EDIH will provide a digital maturity test that will help businesses to identify necessary fields of improvements with regards to digital transformation. This maturity test will help to better understand the current level of digitisation in the business and underline the areas that the business can improve upon.

Then, once a business has identified its needs from the digital maturity test, the areas that the business should improve upon will be outlined in a cooperation with mentors from EDIH. Each business will receive a consultation on how they can improve their digitisation level. May it be by improving digital skills, by receiving a grant for digitising certain processes, or by receiving an individual strategy for the business to introduce new products or technologies to move to new export markets.

Lastly, each business will receive a roadmap to understand their needs and how they can improve the necessary areas. EDIH will also mentor businesses and guide them through the process of receiving support from the mechanisms available. Following the digital maturity test and the consultation with EDIH experts, a business will be able to move on to the four support programmes. These programmes include:

- ❖ Digital skills training for businesses – the main goal of this programme is to develop digital skills for businesses and employees to encourage and to raise the uptake of modern digital tools and systems in the company;
- ❖ Grants for digitising processes in commercial activities to boost productivity – the main goal of this programme is to promote the development of digitalisation of processes and increasing productivity in commercial activities with a targeted investment of resources in operational processes;
- ❖ Grants for the development of new digital products and services - the main goal of this programme is to promote the creation of new digital products and services to boost the global competitiveness of the business;
- ❖ Financial instruments (Loans with an option of a grant) for the digital transformation of businesses - this instrument is created to promote the digitalisation, efficiency, quality assurance, maintenance, planning, forecasting and innovation of manufacturing processes.

The Ministry believes that this comprehensive full support cycle model will help accelerate digital transformation in Latvia and provide the necessary aid for local businesses to successfully overcome all the challenges that digital transformation might bring and profit from Industry 4.0 opportunities to the fullest.

3. Players involved

Apart from the Ministry of Economics (project's partner) the following players were involved in the development of the policy instruments described in the previous chapter as well as will be important players in successful implementation of the policies proposed by the Ministry of Economics:

- ❖ Latvian IT Cluster (IT Cluster)

IT Cluster will be one of the two European Digital Innovation Hubs. Ministry of Economics has been working closely with IT Cluster to better understand business' needs amid digital

transformation. As an EDIH IT Cluster will provide support for testing and implementation of existing technologies for process, marketing and organizational innovations in enterprises and public institutions and public capital companies. IT Cluster will provide clients with a full support cycle starting from a mentorship and guiding them through all the support mechanisms available, to bringing together clients with a specific state aid provider. IT Cluster will provide digital maturity tests and digital development roadmaps.

- ❖ Latvian Digital Accelerator (LDA)

LDA will be the second European Digital Innovation Hub in Latvia. It will serve as a digital technology catalyst for product innovation of new digital platforms, products, and services in production or in use in enterprises and public institutions and public capital companies. LDA will provide clients with a full support cycle starting from a mentorship and guiding them through all the support mechanisms available, to bringing together clients with a specific state aid provider. LDA will provide digital maturity tests and digital development roadmaps.

- ❖ Central Finance and Contracting Agency (CFCA)

CFCA is a direct management institution that supervises implementation of EU funding and other financial instrument projects.

- ❖ Latvian Information and Communications Technology Association (LIKTA)

LIKTA unites leading industry companies and organizations, as well as ICT professionals. LIKTA promotes the development of information society and ICT education.

- ❖ Industry associations

Ministry of Economics already has a great cooperation with multiple industry associations that currently are implementing several training projects. The Ministry of Economics is planning to continue this cooperation and offer businesses and its employees training courses through associations as they have a good regional network and can provide trainings to businesses located in different Latvian regions. Currently there are around 15 industry associations that are implementing training projects, and it is expected that the same number of associations will participate in the digital skills training programme.

- ❖ ALTUM

ALTUM is a state-owned development finance institution, which offers state aid for various target groups with the help of financial tools such as loans, credit guarantees, investing in venture capital funds and others. ALTUM develops and implements state aid programmes to compensate for the market's shortcomings that can't be solved by private financial institutions. In this Action plan ALTUM will be implementing "Financial instruments (Loans with an option of a grant) for the digital transformation of businesses" programme.

- ❖ Innovation Clusters

The Innovation cluster bring together entrepreneurs, research organizations, scientific institutions, educational and other institutions in a common cooperation network and operate in related sectors. In this Action plan Innovation Clusters will be implementing "Grants for the development of new digital products and services" programme.

- ❖ Investment and Development Agency of Latvia (LIAA)

LIAA works to increase export and competitiveness of Latvian companies, facilitate foreign investment, and implement tourism development and innovation policies. In this Action plan CFLA will be implementing "Grants for digitising processes in commercial activities to boost productivity" programme.

4. Timeframe

- ❖ 2020, Mar-May Analysis of best practices provided by INNOindustry
- ❖ 2020, Jun-Aug Analysis of research papers
- ❖ 2020, Sep-Oct Designing of EDIH concept

- ❖ 2020, November Validation of the activities with industry stakeholders
- ❖ 2020, Oct-Nov EDIH National selection

- ❖ 2020, Dec-2021, May Developing of EDIH concept and other complementary state aid activities

- ❖ 2021, Jun-2022 Feb Drafting of necessary legislation and regulations of Cabinet of Ministers. Validation of the legislation with industry stakeholders. On 17 November European Commission opened call for EDIH selection from all member states. Deadline for submission is 22 February

- ❖ 2022, Mar-Apr Approval of national EDIH legislation
- ❖ 2022, Mar-May Evaluation of EDIH application by the European Commission
- ❖ 2022, May-Aug Evaluation of EDIH projects by the Ministry of Economics and contract signing with the Central Finance and Contracting Agency

- ❖ 2022, Sept-Nov Contract signing between EDIH and European Commission
- ❖ 2022, Nov-Dec EDIH is expected to start to operate and provide services to businesses

5. Costs and Funding sources

It is expected that the costs of creation of EDIH and for consultancy services will be funded by Recovery and Resilience Facility under Latvia's Recovery and Resilience Plan and from Digital Europe programme funds. Total cost of this programme is 10 mil *euros* from Recovery and Resilience Facility and additional 6,055 mil *euros* from Digital Europe programme funds.

6. Monitoring indicators

To better follow the successful implementation of the project, qualitative and quantitative performance indicators have been created. The qualitative indicators are EDIH project application to the European Commission and approval of the regulations of the Cabinet of Ministers. The main quantitative performance indicator for EDIHs will be the number of businesses supported. It is planned that EDIHs are expected to provide support for at least 100 businesses by end of the year.

However, these indicators are indicative and can change due to external factors, e.g., changes in the deadlines of the European Commission.

DATE: 31 January 2022

NAME: Edmunds Valantis

POSITON: State Secretary of the Ministry of Economics of the Republic of Latvia

SIGNATURE:

A handwritten signature in blue ink is written over a horizontal black line. The signature is stylized and appears to be 'E. Valantis'. The ink is a vibrant blue color.

STAMP OF THE ORGANISATION: