



CRE:HUB
***Policies for Cultural Creative Industries: the hub for
innovative regional development***

**ACTION PLAN:
CULTURE AND CREATIVE INDUSTRIES IN LATVIA**



1. GENERAL INFORMATION

Project	CRE:HUB
Partner organisation	University of Latvia (LU)
Country	Latvia
NUTS2 region:	Latvia
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Policy instrument addressed	Operational Programme "Growth and Employment" 2014-2020: Priority Nr.3. aiming at the enhancing the competitiveness of SMEs.

2. INTRODUCTION

2.1. CRE:HUB project

The Action Plan for cultural and creative industries (CCIs) in Latvia was developed within the project "Policies for Cultural CREative Industries: the HUB for Innovative Regional Development" (CRE:HUB) which is implemented under the Europe Interreg Programme.

The overall aim of the CRE:HUB project is to improve the programmes for Investment for Growth and Jobs (TO3) of project regions in order to support the creation and development of new small and medium-sized enterprises (SMEs) in the CCIs sector at regional and national levels through fruitful cooperation among regions with different level of capacities and experiences in CCIs supporting policies.

CRE:HUB project brings together eight European regions where CCIs represent highly innovative SMEs. Their promotion can effectively increase regional competitiveness and job creation capacity as underlined in strategic documents of participating project regions, such as Operational Programmes, National Development Plans and Smart Specialization Strategies (RIS3). Even though CCIs are a relatively new concept in the European Union (EU), they appeared at the beginning of the 21st century in most of countries. The CCIs serves as an important driving element for economic development and innovation creation

Despite the dynamic and innovative field of action having the potential to increase regional competitiveness and job creation capacity, CCIs in EU encounter difficulties in accessing financing and resources to enhance their competitiveness on the global market, building effective partnerships and extending their activity to other countries. The research analyses completed in the framework of the CRE:HUB project demonstrate that the common challenges in the partner regions are mostly related to such issues as limited export performance, lack of managerial skills and experience to commercialise creative ideas, lack of financial resources that support CCIs enterprises' growth (e.g. from self-employed unit to SMEs) and poor cooperation between various CCIs.

Nevertheless, CRE:HUB project partners confirm that there is no one-size-fits-all picture of the CCIs as their individual sub-sectors are very heterogeneous in terms of company structures, employment, turnover, markets and business models, etc.^{1 2}

The CRE:HUB project is implemented in two phases:³

- 1) 1st Phase 01.04.2016 – 30.09.2018;
- 2) 2nd Phase 01.10.2018 – 30.09.2020.

During the 1st Phase the following actions took place: establishment of local stakeholders' group and its regular meetings, identification and presentation of good practices, exchange of experience and learning from good practices, elaboration of the regional analyses and Joint Report, partner meetings and study visits, Peer Review exchange and analyses resulting in the Joint Peer Review report as well as preparation of Roadmaps and Action Plans (AP).

¹ CRE:HUB (2017), *Cultural and Creative Industries Joint Report*, Riga: University of Latvia

² There is no universally accepted definition of cultural and creative industries (CCIs) due to its differing application and wide coverage over varying sectors. Policy makers, researchers and experts across the world apply diverse definitions and different activity areas (sub-sectors) that CCIs cover. Moreover, the fast-changing and interdisciplinary nature of the CCIs sector, the rapid development of technologies (digitalisation) and emergence of new sectors make it even more difficult to define CCIs as well.

³ Website of CRE:HUB project: <https://www.interregeurope.eu/crehub/>

Whereas, during the 2nd Phase the implementation and monitoring of the AP will take place. Each CRE:HUB AP will result in improvements of the management of policy instruments and in the implementation of new projects. Policy changes will be tailored to meet specific CCI needs.⁴

2.2. CCIs in Latvia

Despite fact that the concept of cultural and creative industries (CCIs) in Latvia is relatively new, the sector has significantly developed during the last 10 years – today it is recognised as an important part of economic activity and source of employment. In addition, the CCIs development is linked to such issues as national identity, language, unique export offerings and the potential for marketing Latvia abroad.

Firstly, the definition of CCIs was introduced in the Guidelines for the State Cultural Policy of Latvia (2006 – 2015) and later revised while preparing the Informative Report on creative industries and their policy in Latvia in 2008. Currently, the importance of CCIs has been stressed by the Latvian National Development Plan (2014-2020), Strategy “Latvia 2030”, the Operational Programme (OP) “Growth and Employment” (2014-2020), Cultural Policy Guidelines “Creative Latvia” (2014-2020) as well as other strategic and planning documents.

The CCIs definition used in Latvia states that: “CCIs are activities based on individual and collective creativity, skills and talents, which by way of generating and utilizing intellectual property, are able to increase welfare and create jobs. Creative industries generate, develop, produce, utilize, display, disseminate and preserve products of economic, cultural and/or recreational value.”^{5 6}

The CCIs in Latvia include the following sub-sectors:

Architecture
Design
Cinematography
Performing arts (theatre, dance, festivals)
Visual arts
Music (interpreting, composing, producing, publishing, musical, instruments, festivals, etc.)
Publishing (books, periodicals, newspapers, etc.)
Advertising
TV, radio & interactive media
Computer games & interactive software
Cultural heritage
Cultural education
Recreation, entertainment & other cultural activities

⁴ Website of CRE:HUB project: <https://www.interregeurope.eu/crehub/>

⁵ Estonian Ministry of Culture, British Council, et al (2011), *Creative Industries in Estonia, Latvia and Lithuania 2011*

⁶ Kultūras ministrija, Radošās industrijas [Ministry of Culture, Creative Industries]. Available at: http://www.km.gov.lv/lv/starпноzares/radosas_industrijas.html

The CCI sector has been a growing sector of the Latvian economy over the past 10 years. The latest available statistics indicate that there were around 13 181 CCI enterprises in Latvia in 2015, accounting for 8.19% of all national enterprises. This number has seen a constant upward trend since 2010, when only 7 811 CCI enterprises existed. A number of people employed in CCIs has also been increasing year by year, growing from 38 783 in 2010 to 49 480 in 2015. As a share of the total employment in Latvia, CCIs grew from 5.76% to 6.80% over 2010-2015.⁷

The Latvian CCIs are mainly represented by micro and small enterprises and are mostly concentrated in the capital city of Riga. However, in the recent years the CCI development has also been observed in other Latvia's cities, especially Cēsis, Kuldīga and Liepāja, which are becoming hubs of creative industries.

Despite significant developments over the last decade, CCI businesses are facing various challenges related to a lack of knowledge and skills of business processes, "fear" and lack of experience and know-how for commercialisation of creative ideas, comparatively low demand for offered products and services on the local market, too big tax and administration burden, lack of working capital and skilled workforce, lack of specific financial support for CCIs, low awareness about the potential of CCIs, etc. Also, the importance of CCIs for promoting entrepreneurship, growth and employment in rural areas hasn't been fully recognized yet.⁸

2.3. Focus of the CRE:HUB Action Plan for CCIs in Latvia

The CRE:HUB Action Plan for Latvia is a document providing details on how the lessons learned from the project cooperation will be implemented in order to improve the policy instrument tackled within a given region. In case of Latvia, the Operational Programme (OP) "Growth and Employment" 2014-2020. The Plan is prepared following the Interreg Europe programme specific guidelines and includes the nature of the actions to be implemented, the time frame of its implementation, players involved in the actions' implementation, the cost of actions (if any) and funding sources (if any).⁹

The following steps were performed towards the elaboration of the CRE:HUB Action Plan for the CCI development in Latvia during the project 1st Phase:

- Regular work with Latvian stakeholders (seminars and workshops, consultations and interviews);
- Research analysis of CCIs in Latvia (CRE:HUB State of the Art) – description of CCI characteristics; analysis of policy instruments, SWOT, Barrier & Solution analysis;
- Exchange of experience, knowledge and good practices during the CRE:HUB study visits to the partners' regions;
- Exchange of Peer Review experts, learning during Peer Review visits and from results of Peer Review;

⁷ The analysis on the CCI enterprises and employment was performed based on the data from the Central Statistical Bureau of Latvia for the selected 56 NACE codes within the CRE:HUB State of the Art Report of Latvia

⁸ CRE:HUB (2017), *State of the Art of the CCI Sector in Latvia*, Riga: University of Latvia (regional analysis)

⁹ Interreg Europe Programme Manual, 13 April 2018 (version 5), p.38. Available at: <https://www.interregeurope.eu/help/programme-manual/>

Thereof, the Action Plan is a result of regular and extensive discussions with stakeholders representing the EU Funds Managing Authority (Ministry of Finance of the Republic of Latvia), policy making institutions within fields of creative industries and entrepreneurship (Ministry of Culture of Latvia, Ministry of Economics of Latvia), Latvian National Culture Centre, business support organizations (Latvian Investment and Development Agency, Creative Industries Business Incubator, financial development institution "Altum"), Riga City Council, planning regions of Latvia (Vidzeme planning region), universities (University of Latvia, Latvian Academy of Culture, Design Factory at the Riga Technical University) and NGOs (FOLD, Creativity Lab), CCIs related initiatives (Demola Latvia, Creative week "Radi") and others.

The aim of the CRE:HUB Action Plan for Latvia is based on the experience of CRE:HUB is to provide the recommendations for improvements of support programmes focusing on the development of CCIs and entrepreneurship within the ERDF funds (OP) and local policy instruments. The recommendations are addressed to the Latvian policy making institutions (including the Managing Authority). The Action Plan of Latvia includes the following actions:

1. Framework for collection of CCIs statistics;
2. Support for development of creative quarters in Riga;

Support for the Action Plan:

Ministry of Economics, managing authority, has provided us with the support letter stating that ministry appreciates the contribution of the University of Latvia by engaging in the implementation of the Interreg Europe project, incl. providing regular communication between stakeholder representatives and related organisations. And, the Ministry supports the usefulness and the necessity of the activities in the Action Plan for more successful development of creative industries for boosting business and innovation [in Latvian].

3. PRIORITY ACTIONS

3.1. Policy context

The Action Plan aims to impact:

- **Investment for Growth and Employment programme**
- European Territorial Cooperation programme
- Other regional development policy instrument

Name of the policy instrument addressed:

The Republic of Latvia Operational Programme (OP) "Growth and Employment" 2014-2020

Priority axis Nr.3. Competitiveness of small and medium-sized enterprises

3.2 DETAILS OF THE ACTIONS ENVISAGED

<p>ACTION 1: FRAMEWORK FOR COLLECTION OF CCIs STATISTICS</p> <p>The background</p>	<p>The statistical data collection and analysis of CCIs is important to monitor and promote the development of this significant sector of economy, including the design of tailor-made support measures and instruments for CCIs enterprises, which could also help to support CCIs through the OP. At the same time, the CCIs have a broad nature, which makes it difficult to identify specific activities that belong to CCIs and there is no a single approach based on which enterprises can be categorised as CCIs.</p> <p>The NACE classification used by the Eurostat, as well as the Central Statistical Bureau of Latvia, isn't detailed enough to clearly identify and categorise the specific CCIs' sub-sectors (also at industrial level data), which doesn't allow to capture an impact of CCIs on the overall economic activity and identify their full scope. Besides, work with local stakeholders (seminars and individual consultations) in Phase1 and elaboration of the regional research analysis (State of the Art Report of Latvia) revealed a problem that requires attention – lack of clear statistical data for measuring CCIs more precisely.</p> <p><u>Lessons learned from the project:</u> inspiration for the Action 1 comes from several CRE:HUB partners, concretely both State-of-the-Art reports of Italy (Basilicata and Friuli Venezia Giulia), where experience of the chamber of commerce is indicated that regularly (annually) produces a report “I sono cultura”¹⁰ on the economic performances of CCI as well as Lisbon Metrop. Area CRE:HUB State-of-the-Art report – integration of 2012 ESSnet statistical framework into Statistics Portugal¹¹.</p>
<p>Action:</p>	<p>Elaboration of a methodology (framework) for the CCIs statistical data collection on national, regional and/or industrial levels to provide possibility to monitor the CCIs development and their importance for Latvian economy. University of Latvia in cooperation with responsible state authorities – Ministry of Economics, Ministry of Culture, Ministry of Finance, Ministry of Education and Science, Central Statistical Bureau and others will initiate the process of elaboration of methodology for CCIs statistical data collection and analysis, where the following activities will be implemented:</p> <ul style="list-style-type: none"> • Defining a working plan together with key stakeholders (as a working group) – to decide on/formulate steps

¹⁰ Chamber of Trade and Commerce is producing a regular report on the CCI economic performance

¹¹ based on the ESSnet-Culture Final Report



	<p>necessary to facilitate work on the improvement of statistical data;</p> <ul style="list-style-type: none"> Analysing of the main problems and designing solution (framework) for CCIs data definition and collection (consideration of the CRE:HUB examples of Italy, Portugal); Testing/investigation if the defined solution (framework) would be suitable for Latvia; Implementation of the framework for CCIs' statistics definition and collection.
Players involved	<p>University of Latvia (CRE:HUB partner – coordinator of the process, responsible for the development of statistical framework), Ministry of Economics (policy maker responsible for development of SMEs (business industry); also supervising work of the Statistical Bureau), Ministry of Culture (policy maker responsible for CCIs), Ministry of Finance (policy maker responsible for Operational Programme), Central Statistical Bureau (main performer for the statistical work in the country).</p>
Timeframe	<p>By 2020</p>
Costs*	<p>To be defined</p>
Funding sources (indicative)	<p>Operational Programme 2014-2020; National Research Programme; Co-financing by the University of Latvia</p>
Indicator	<p>No of situation analysis: 1</p>
	<p>No of frameworks (mechanisms) for CCIs statistical data collections in Latvia: 1</p>



ACTION 2:

SUPPORT FOR THE DEVELOPMENT OF CREATIVE QUARTERS IN RIGA

The background

CRE:HUB project results and good practices have proven that the establishment and management of creative quarters can facilitate a favourable environment for accumulation of CCIs related activities, it serves as a driving force for the promotion of creative entrepreneurship and raises awareness of society at large about potential of cultural and creative activities. Considering that Riga has various opportunities for creative entrepreneurs and professionals to express themselves (specifically those for revitalisation of abandoned territories) and city is concentrating the highest level of CCIs entrepreneurship in Latvia, it is crucial to support the development of creative quarters at the municipal level. Besides CCIs related initiatives and entrepreneurs are lacking financial support for its development.

Lessons learned from the project: A number of good practices from CRE:HUB partners serve as inspiration, specifically a *LX Factory (PT)* (a huge creative quarter in industrial environment in Lisbon. It serves as a great example of the transformation of ex-factory territory comprising 23.000 m² without significant reconstruction works into the "creative island" having ~ 200 enterprises and workshops & regular events for public); *Carolina Creative Quarter in Centru Region (RO)* (located within the historic Carolina Citadel in Alba Iulia that was recently renovated. It has a series of spaces dedicated to the CCIs in the city: workshops, galleries, incubators, training facilities); *municipality project "Criativas de Lisboa" (PT)* (a networking strategy that combines the important elements for promotion of creative hubs: network of spaces (co-working spaces, experimentation and prototyping workshops, incubators); programs focused on sustainability (events, seminars, accelerators); communication (dissemination of information)) and *Todos.pt (PT)* (serves as creative hub & co-working space for cooperation among professionals representing audio-visual, design, art, music sectors. It is also based in the ex-industrial premises as a storage of various raw materials).

Action:

The purpose of the Action is to promote the development of creative quarters and territories in Riga by carrying out activities, which are related to the Operational Programme's specific objectives: 5.6.1. "Promotion of revitalisation of urban areas in Riga, ensuring efficient socioeconomic use of the area" and 5.6.2. "Revitalization of areas through regeneration of degraded areas (brownfields) in accordance with the integrated development programmes of municipalities".

Firstly, it will be realised *the Support Programme for the Riga's Creative Quarters, Neighbourhoods and Territories*. Applicants of the Programme can be creative professionals from the new or existing creative quarters, territories and neighbourhood in Riga who can apply for the Programme in order to receive the financial support for specific activities (rent of premises, rent of specific equipment, marketing activities, etc). Application must be submitted to the Riga City Municipality (when call is open). Maximum possible support to be provided per application: 10 000 EUR.

The main aim of the Support Programme is to facilitate the development of creative quarters and territories in Riga as a part of the city with specific identity, visibility, and to facilitate its revitalisation, thus fostering positive and



	<p>harmonised transformation of the city. The Programme also aims to create a publicly accessible, creative and open space for interaction and facilitation of new forms of creative co-operation in order to stimulate socio-economic potential (working and meeting spaces, cafes, etc.); to provide the diverse cultural services and public education (workshops); as well as to facilitate the regular involvement of population to participate in the "life" of creative quarters and territories (concerts, discussion, markets, exhibitions, etc.).</p> <p>Applicants granted with abovementioned support will be organising various type of events (seminars, concerts, markets, etc.) to be accessible for the public and to promote the activities of creative quarters and people.</p> <p>Secondly, and additionally, University of Latvia (through the Monitoring Committee of the OP "Growth and Employment" (2013-2020) & as a member of the Riga City Council Working Group) will contribute for the elaboration of Development Programme of Riga 2021-2027¹² based on the CRE:HUB experience in order to ensure a long-term support for activities of Riga's creative quarters and territories. LU will also act as a knowledge hub to help to develop sufficiently diverse knowledge base, boost innovation capacity of firms and pool resources across the CCI sectors.</p>
Players involved	<p>Riga City Council (in charge of the management and implementation of the programme), University of Latvia (expertise, promoter) and other CCIs professionals (beneficiaries of the programme)</p>
Timeframe	2018-2020
Costs*	Estimation: 50 000 – 60 000 EUR
Funding sources (indicative)	Municipality of Riga
Indicator	<p>No of supported creative quarters in Riga: 15 No of developed policy instruments: 1 No of organised public events by granted applicants of the Support Programme: 75</p>

¹² The Development Programme of Riga city is a medium-term planning document of the Riga municipality, stipulating medium-term priorities and a set of measures for reaching the objectives and prepositions defined in the Sustainable Development Strategy of Riga until 2030.

Date: 16.05.2019

Signature: *Stefana / Tatjana Muravca*

Stamp of the organisation (if available):

