



European Union  
European Regional  
Development Fund



Ministry of Economics  
Republic of Latvia



## Interreg Europe BRANDTour Project

### Building Regional Actions for New Developments in Tourism

## ACTION PLAN

Ministry of Economics  
of the Republic of Latvia

Riga, 2020



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## PART II – POLICY CONTEXT

### 1. National Context of Tourism Development

Tourism is an important source of export revenue and a key contributor to GDP in Latvia, directly contributing 4% to Latvia's GDP. Tourism exports were EUR 1.3 million in 2018, or 5% of total exports and 17% of service exports. Tourism and related industries provide 77 100 jobs, accounting for 8.5% of total employment. Regarding tourism statistical data, hotels and other accommodation recorded 2.8 million visitors in 2018, an increase of 8% over 2017. Of these, 1.9 million or 70%, were international tourists. In 2018 top source markets were Lithuania (14.1%), Germany (13.3%), and the Russian Federation (12.5%). The majority of inbound visitors (77%) stayed in the capital, Riga. There were 11 million domestic trips taken by Latvian residents in 2018 spending EUR 333 million, a significant 8.5% reduction in spending compared to 2017. The most strategically important tourism markets in Latvia are MICE, health tourism, nature tourism and cultural tourism.

Latvia is an emerging tourism destination, with many natural resources and a rich cultural heritage. Tourism policy in Latvia is designed to promote development of domestic and international tourism, by increasing the competitiveness of the tourism industry and export of tourism services. Latvia prioritises investment in tourism marketing to raise awareness of its attractiveness as a tourism destination.

The analysis of Latvian tourism effectiveness has identified problems in low tourist expenditure, and it was concluded that new tourism products with higher added value are needed in order to increase competitiveness and quality of them. By creating new and more interesting products, Latvia will ensure that the tourist will stay longer and will spend more also in regional territory of Latvia. Therefore, one of the actions of the Action plan (Action 1) focuses on developing tourism products with high added value.

Tourism industry challenges in Latvia are also related to the promotion of domestic tourism, especially cooperation among providers of tourism services and organisations to ensure the development of a qualitative supply, particularly in regions. One of the actions of the Action Plan (Action 2), therefore, tends to solve this problem by developing a support program for formation of tourism clusters on national and regional levels.

And finally, to minimize the negative effects of seasonality, business tourism fosters the demand for tourism services outside the active tourism season. Therefore, it is important to ensure visibility of Latvia as a business tourism destination, which is still comparatively low compared to competing destinations. Thus, one of the actions in the Action Plan (Action 3) focuses on business tourism development.

## **PART I – GENERAL INFORMATION**

**Project:** BRANDTour – Building Regional Actions for New Developments in Tourism

**Partner organisation:** Ministry of Economics of the Republic of Latvia

**Other partner organisations involved (if relevant):** N/A

**Country:** Latvia

**NUTS2 region:** Latvija

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## 2. Policy Context of the Action Plan

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 addressed:** Operational Program (hereinafter – OP) “Growth and Employment” Investment priority 3.2: supporting the capacity of SMEs to engage in regional, national and international markets, and innovation processes.

### Operational Program (OP):

The OP is focusing on enhancing international competitiveness through marketing and other activities for tourism SMEs. It includes the following measures:

1. Support for SMEs to enhance their international competitiveness in:
  - Organizing national stands in international tourism fairs and exhibitions abroad;
  - Tourism marketing and promotional activities;
  - Financial support to SME's for individual stands and participation in tourism related conferences and seminars abroad.
2. Support for development of clusters

The implementation of the OP is tightly linked to the Latvian Tourism Development Guidelines 2014-2020 (hereinafter – Guidelines).

The overall goal of the Guidelines is to ensure the sustainable growth of the Latvian tourism sector by increasing the international competitiveness of tourism services in export markets in ways which:

- meet the criteria for sustainable tourism product development,
- increase international tourist arrivals,
- reduce seasonal imbalance in tourism flows,
- extend the average length of stay.

The Guidelines serve as the basic tourism policy document of Latvia. The OP with its support programs is only one of the financial instruments to implement the Guidelines and its tasks regarding tourism development in Latvia.

### The Aim of the Action Plan:

The overall goal of the Action Plan is to rise the competitiveness of the tourism SMEs, by focusing on private and public partnership and exploring new possibilities for developing tourism products with high added value. The improvement of the policy instrument (OP) is planned in the following aspects stated below.

**First**, in the Application Form the potential improvement of policy instrument (OP) has been stated as one of the courses of action. Therefore, during the 1<sup>st</sup> Phase of the project (2017-2019) evaluation of the OP has been carried out by conducting a research “Analysis of existing support instruments and development of proposals for the tourism sector”.

Within the research a special focus was put on the effectiveness of the OP and its supported actions. It was concluded that there are no specific changes needed for the OP during the current programming period (2014-2020), however, there are suggestions for future improvements for the programming period of 2021-2027.

Nevertheless, the Action Plan impacts the OP indirectly, by the activity of conducting a detailed analysis of the current Clusters program and developing proposals for cluster policy improvement in the future (see Action 2).

**Second**, the Application Form states MICE (meetings, incentives, conferences, events) as one of the priority tourism areas, therefore a specific action to improve MICE is planned within the Action Plan (see Action 3). This action is tightly linked to OP, since development of MICE is one of the supported activities in the OP. The result of this activity will be increased knowledge of MICE sector in terms of statistics that will benefit the programming period immensely by backing up the planned activities with statistics.

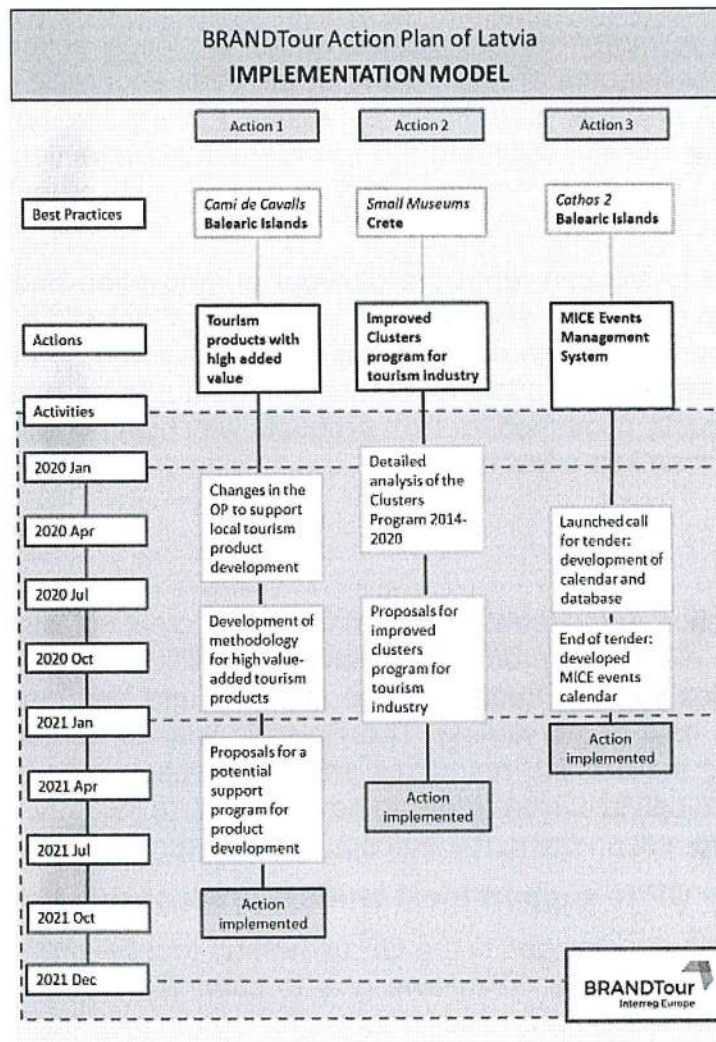
**Third**, in the Application Form Guidelines have been indicated as another the policy instrument that will be impacted through the project by creating political strategies and measures for the period until and after 2020.

During the 1<sup>st</sup> Phase of the project (at the end of 2017), the Guidelines (2014-2020) have been re-evaluated. The re-evaluation indicated that during the reviewed period the number of tourists is rising, but there is no increase in individual tourist expenditure. This leads to one of the basic problems – there are tourism resources in Latvia, but no actual products with high added value. Therefore, this problem was analysed in more detail and proposals for new goals and tasks for the Guidelines have been proposed (research “Development of Latvian Tourism Action Plan”).

As a result, a new activity of tourism product development (needs a pilot action) is proposed in the Action Plan (see Action 1) which is crucial for Latvian tourism policy development. As stated in the Application Form, new political strategies after 2020 will be created, therefore, the new Tourism Development Plan 2021-2027, that will be adopted in 2020 (during the 2<sup>nd</sup> Phase of the project) and will incorporate this Action, is also considered to be one of the improvements of policy instrument. Nevertheless, the action will be implemented through the OP. If the action proves to be successful, it will be introduced as a new activity (or upgraded existing activity) in the OP (2014-2020) and changes in the OP will be carried out to support local tourism product development. With this the Action will be considered as implemented.

## PART III – DETAILS OF THE ACTIONS ENVISAGED

The Action Plan incorporates three main actions within the time frame of 2020 – 2021.



### ACTION 1: Support for Development of New Tourism Products

#### 1. The background

One of the actions that Latvia will implement is tourism product development. The aim of the action is to develop a support scheme for innovative tourism product development with high added value.

The idea for the action comes from *Balearic Island good practice "Camí de Cavalls"*. This historical path became part of the European network of long-distance footpaths in 2012. The length of the *Camí de Cavalls* is 185 km, divided up into 20 stages to be explored on foot, on horseback or by bike. Along the path private initiatives have emerged offering all kinds of services, such as guided tours, tours by bike or on horseback, transport services, restaurants, rural accommodation, etc.

This good practice is a powerful tourism product which is closely linked to the tourism diversification strategy for Minorca all year round. It provides economic growth and jobs for the local community and the enterprises established along the path, and it is an important element for the sustainability and the environmental protection of the island. It also contributes to the improvement of tourism in Minorca as it helps promoting high quality tourism and bringing visitors off-season.

From this good practice Latvia can learn the concept of innovation and combination of small tourism products to create one strong and successful product with high added value. Tourism product development is one of the weak spots for Latvian tourism industry. As mentioned before, Latvia is rich in tourism resources or individual small products, but there is lack of complex, unequally combined tourism products with high added value that could attract tourists for more than just a few hours.

## 2. Action

The Balearic good practice demonstrates the principles of creating tourism ecosystem, where different tourism elements (products, amenities, facilities, infrastructure etc.) are combined in one complex system. Further, these elements are then packaged in a one strong product with the help of storytelling. The Balearic Islands demonstrate a perfect product design by using the existing resources and then repackaging them. This is the ecosystem approach that Latvia currently fails to have in tourism industry. And specifically, this approach is the main reason this good practice was chosen for the Action plan.

### **Task 1: Changes in the OP to support local tourism product development**

The first stage of the action is changes in the OP to support tourism product development for domestic tourism. Currently the OP allows only to support activities for international tourism development, however – the case of Balearics has shown that first the product must be created on a domestic level and only after that – internationally. Therefore, changes in the program are proposed.

### **Task 2: Development of methodology for high added value tourism product design**

The second task concentrates on development of methodology for tourism product development, based on the ecosystem approach. The Balearic good practice successfully demonstrates the benefits of effective tourism ecosystem – where the product is developed and integrated in the value chain throughout all of its development stages. During this stage of the action, a tourism ecosystem is identified and methodology for joint, complex tourism product development is drawn.



### Task 3: Proposals for a potential support program for product development

Eventually proposals for a potential support program will be developed. The support program will be one of the instruments for newly formed tourism clusters (action 2) to use for new tourism product development with high added value. Finally the action will be implemented through Investment and Development Agency of Latvia and financed through the OP (2014-2020). The OP has funding available until 2023, this means that it will be possible to co-finance the action through the program even after 2020. Since the OP has available funding until 2023, it will be possible to launch the activity in 2021 and carry it out until the new Tourism Clusters program is created. Then the activity (support program) will be incorporated within the new Tourism Clusters program which is planned for the period of 2021 – 2027 with possible launch around 2021-2022.

#### 3. Players involved

**The initiator of the activity:** The Ministry of Economics.

**Destination management organizations in the destination:** tourism associations, planning regions, local government tourism coordinators (to be assessed individually at each destination).

**Potential cluster members:** the existing governing body of the region should address all potential tourism entrepreneurs operating in the nature tourism and cultural tourism with creative industries, as well as businesses providing tourist services for accommodation, catering, recreation.

#### 4. Timeframe

2020 Jan – 2020 Jul: Changes in the OP to support local tourism product development  
2020 Jul – 2020 Dec: Development of methodology for high value-added tourism products  
2021 May – 2021 Jul: Proposals for a potential support program for product development,  
By 2021 Oct: Action implemented

#### 5. Costs (if relevant)

There are no extra costs planned for the implementation of the action.

#### 6. Funding sources (if relevant)

The action will be implemented within the current budget line of the Ministry of Economics.

## ACTION 2: Improved Clusters Program for Tourism Industry

### 1. The background

As mentioned above, the policy instrument (OP) has several activities, one of which is the Clusters program. The aim of the program is to encourage businesses and research, education and knowledge transfer organizations and other institutions for cooperation at local and international levels, thus contributing to the competitiveness of economic operators, by increasing export volumes and the share of high value added products and services in export, as well as innovation and new product development.

The Clusters program is one of Latvia's best practices and it does not require any major changes within this programming period. However, the Clusters program focuses mostly on traditional export-oriented industries with large export indicators therefore it has quite strict and somewhat difficult criteria and requirements for non-traditional export industries, such as tourism. Tourism stakeholders have indicated that would like to have a new program for the next planning period, that would be designed specifically for tourism industry based on the current Clusters program. Therefore, this action is focusing on analysing the criteria of the Clusters program in more detail and developing proposals for a potentially new Clusters program for tourism industry.

The know-how of how to create a clusters program specifically for tourism industry comes from the good practice of the "*Small Museums and Thematic Park Consortium in Crete*", which is a similar program like Clusters Program, but it is focusing on tourism industry by promoting small (micro) business units and increasing the number of tourists. In order to better develop and promote the supply of these companies, an establishment of a joint consortium of micro-tourism attractions is supported. So far 13 destinations have been distributed in the consortium area with 80,000 beds, 2,500 tourism business units, 1.5 million visitors and 6 million nights spent.

In Crete, *The Mayorality of Tourism, Culture & Employment* is promoting these services on its website. Bloggers, route maps, informational visits of journalists and tourism operators are attracted. The consortium organizes specialized study visits and tours, create mobile applications and place informational stands at accommodation with the offer of museums and thematic parks. In the case of Crete, the parties directly involved are small museums and thematic parks in a given municipality. In the specific situation, funding is derived from local government funding for tourism.

Taking into account the good practice of the "*Small Museums and Thematic Park Consortium in Crete*" and the priority types of tourism identified in the Latvian Tourism Development Guidelines 2014-2020, including MICE, health, nature and cultural tourism with creative industries, this practice is to be taken over in several thematic (MICE, health), regional (export-oriented) and local (domestic-oriented) tourism destinations (clusters) in Latvia.

## 2. Action

This action aims to develop a joint thematic and regional tourism clusters program, based on the evaluation of the OP 2014-2020 and lessons learned from good practice of Crete.

The good practice demonstrates that joint thematic and regionally (territory-wise) developed clusters can be an effective way of developing regional tourism.

The improved tourism clusters program should have specific criteria that are feasible to tourism industry, focus on specific territories and/or themes and have centralized governance. The proposals will be written as guidelines that will serve as the base for the development of the new program.

The Action consists of the following tasks:

### **Task 1: Detailed analysis of the Clusters program 2014-2020**

Even though the current Clusters Program is still running, Latvian government (including the Ministry of Economics) is already working on the next planning period, therefore evaluation of the OP of 2014-2020 is needed. In the case of Clusters program, it is a good example of effective support program to foster clustering in export-oriented industries. The research has proven that there are no changes required in the general criteria for the program of this programming period.

However, the current tourism clusters that have support from this program as well as other stakeholders, have already indicated that there is a need for a new, different program, that would be specifically developed for tourism industry.

Therefore, this task aims to analyze the OP, specifically the Clusters program, from the perspective of tourism industry needs in order to draw conclusions and develop proposals for improved clusters program for tourism industry. The analysis will be summarized in a document that will be afterwards circulated to the tourism industry.

### **Task 2: Proposals for improved clusters program for tourism industry**

Based on the lessons learned from Crete's good practice and the conclusions of the analysis of the OP, proposals for improvement of clusters program must be drawn.

First, the territory of Latvia must be mapped into smaller tourism destinations (clusters) according to the tourism products, their identity, regional functionality, destination management capability, tourism infrastructure availability, local strategies and development goals. These smaller destinations will be used as basis for territorial tourism cluster development.

Second, new criteria for improved tourism clusters program must be defined. These criteria will be the base for development of a new clusters program, but this time, specifically for tourism industry. The proposals will be written in the form of guidelines that will be given to the tourism industry for evaluation and serve as basis for a government support program for tourism development.

With the development of these proposals (guidelines) for improvement of the Clusters program and for the development of new tourism cluster program the action is considered to be fully implemented.

## **3. Players involved**

**The initiator of the activity:** The Ministry of Economics

**Destination management organizations in the destination:** tourism associations, planning regions, local government tourism coordinators (to be assessed individually at each destination).

**Potential cluster members:** the existing governing body of the region should address all potential tourism entrepreneurs operating in tourism industry, as well as businesses providing tourist services for accommodation, catering, recreation.

#### 4. Timeframe

2020 Jan – 2020 Apr: Detailed analysis of the Clusters Program 2014-2020

2020 Jul – 2021 Jan: Proposals for improved clusters program for tourism industry

By 2021 Apr: Action implemented

#### 5. Costs (if relevant)

There are no extra costs planned for the implementation of the action.

The costs of the new program are planned of 7 000 000 EUR; however, these costs are not part of the implementation of this action.

#### 6. Funding sources (if relevant)

The action will be implemented within the current budget line of the Ministry of Economics.

## ACTION 3: MICE Events Management System

### 1. The background

MICE is considered as one of the priority tourism areas in Latvia. It is also one of the supported activities in the OP and Guidelines. But even though the sector is growing rapidly, there is no specific (exact) data on venues, accommodation and events available on a national scale, there is no system for planning the events and the sector lacks a strong and centralized governance. This means that there is a lack of data to support the activities planned in the OP, therefore, impossible to measure the effectiveness of those activities carried out. Therefore, an events management system with a supporting database must be created, based on lessons learned from the good practices of *Cathos 2 from Balearic Islands*.

*Cathos 2* is a Balearic Islands established tourism services database which ensures accounting of tourism companies in the database and communication between the tourism administration of Balearic Islands, supervising authorities and entrepreneurs. *Cathos 2* ensures the introduction of an integrated database by simplifying, facilitating and speeding up administrative procedures with citizens and business.

This good practice shows that from ensuring an open-access database, all parties in tourism can benefit from facilitating and making more efficient communication between national management levels and individual levels of enterprises. This good practice shows also that by ensuring the availability of relevant information for tourism sector, it would significantly facilitate horizontal and vertical networking initiatives.

Therefore, this action will serve as basis for quantitative data that will complement the qualitative data regarding MICE and improve the effectiveness of the OP activities.

## 2. Action

Based on the lessons learnt from the good practice, this action aims to create a MICE events management system. Latvia is focusing on MICE (meetings, incentives, conferences, events) as a tourism with high added value. Therefore, the development of a MICE events management system will not only boost the awareness of Latvia (Riga) as a MICE destination but will also facilitate the cooperation between different MICE operators, like agencies, venues, hotels and DMO.

The Action consists of the following tasks:

### **Task 1: Launched call for tender: development of events management system**

A call for tender will be launched for the development of MICE events management system. During this task, the needs of the MICE industry will be gathered and analyzed. Therefore, the call for tender is planned at the beginning of 2020, during which a researcher and a potential developer will be contracted.

### **Task 2: End of tender: developed MICE events management system**

At the end of the tender the contractor will hand in a completed research for implementing an events management system that the industry will be able to use for their needs.

## 3. Players involved

**The initiator of the activity:** The Investment and Development Agency of Latvia (subordinate to the Ministry of Economics)

**Users of the activity:** MICE sector actors (venues, hotels, agencies, etc.), Latvian Congress Bureau, DMOs and policy planning (statistical) institutions, potential clients, etc.

## 4. Timeframe

2020 Apr – 2020 Jun: Launched call for tender

2020 Jul – 2020 Nov: End of tender

By 2020 Dec: Action implemented

## 5. Costs (if relevant)

The expenses for tender are planned until 40 000 EUR

## 6. Funding sources (if relevant)

The action will be implemented within the annual budget of the Investment and Development Agency of Latvia.



## PART IV: FOLLOW UP AND MONITORING THE ACTION PLAN

The implementation of the Action Plan will be monitored constantly through the implementation period (2020 – 2021) by filling in and reporting a check list by the following example:

Action	Activity	Timeframe	KPI	Status	Comments

The specific KPIs for each action are as follows:

Action 1 – number of tourism products developed

Action 2 – number of tourism clusters created/proposed

Action 3 – number of MICE sector actors using the MICE events management system

The Status update will follow the timeframe marked for each individual activity and with this a constant monitoring will be ensured.

**Action Plan approved:**

**Date:** 30.03.2020

**Number:** 3.8-6.3/2020/2085N

**Edmunds Valantis**

**Acting State Secretary**

