

Ministry of Environmental  
Protection and Regional  
Development  
Republic of Latvia

# Regional Development Policy in Latvia

**Kurts Auza**

**EURE partners meeting**

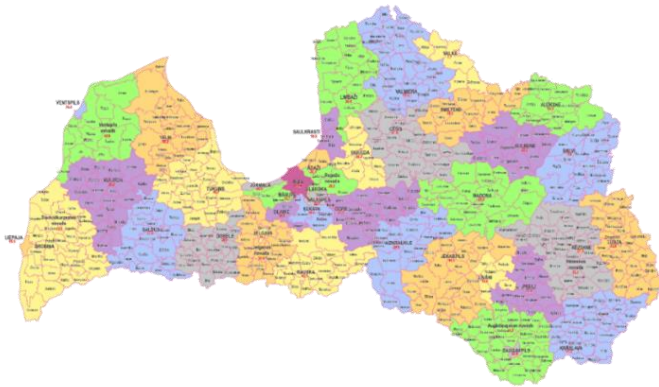
**Riga**

**1 June 2022**



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# Role of the Ministry of Environmental Protection and Regional Development (MoEPRD)



- elaboration of regional development policy
- implementation of policy support measures, coordination and monitoring
- integration of regional policy objectives in national development planning documents and sectoral policies
- methodological support to planning regions and local municipalities
- representation of Latvia's interests in the field of regional development at international scale



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## 2014-2020 approach - Integrated Territorial Investments (ITI)



At least **5%** of the ERDF funding provided to a country is to be invested in resolution of challenges relating to **economic, social, demographic, environmental and climate challenges** in cities based on integrated municipal development programmes.



ERDF funding for sustainable development of urban environment **in Latvia - 9,61%**  
**(249 mill. EUR)**



**ITI are implemented within Operational Programme «Growth and Employment»**



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# Integrated Territorial Investments (ITI)

**TOTAL for 9 cities' ITI - 249 million euros**

Specific Objective	ERDF, including 9 cities	9 cities (ITI)
3.3.1. Attracting investments for regions – public infrastructure for SME	64 219 292	16 114 183
5.5.1. Investments in culture and tourism heritage	60 110 071	24 919 516
5.6.2. Revitalisation of deprived areas	239 704 136	95 318 437
8.1.2. Infrastructure for general education	142 962 247	62 704 434
8.1.3. Infrastructure for vocational education	89 068 647	5 233 677
4.2.2. Energy-efficiency of municipal buildings	46 996 394	31 299 565
9.3.1. Social services (deinstitutionalization)	41 241 194	13 450 032



## Conclusions on the ITI approach (I)



- **ITI – integration at programme level** (not at SO/project level)
  - (+) 2007-2013 Polycentric development programme –
    - different approach to integrated investments in urban areas
    - no restriction to stick to particular thematic SO
  - (+) **dedicated priority axis** for ITI (or OP)
- **Lack of flexibility** during implementation & providing outputs -
  - (-) have to stick to ex-ante selected SOs
  - (-) have to predict outputs ~ 7 years ahead
  - (-) amendments in operational programme
  - (+) **list of indicators** followed by **unit costs** of indicator's value unit or reasonable intervals of indicator value
  - (+) evaluation of **spillover effect** to regional, national and EU targets of place-based investments in certain territories



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## Conclusions on the ITI approach (II)



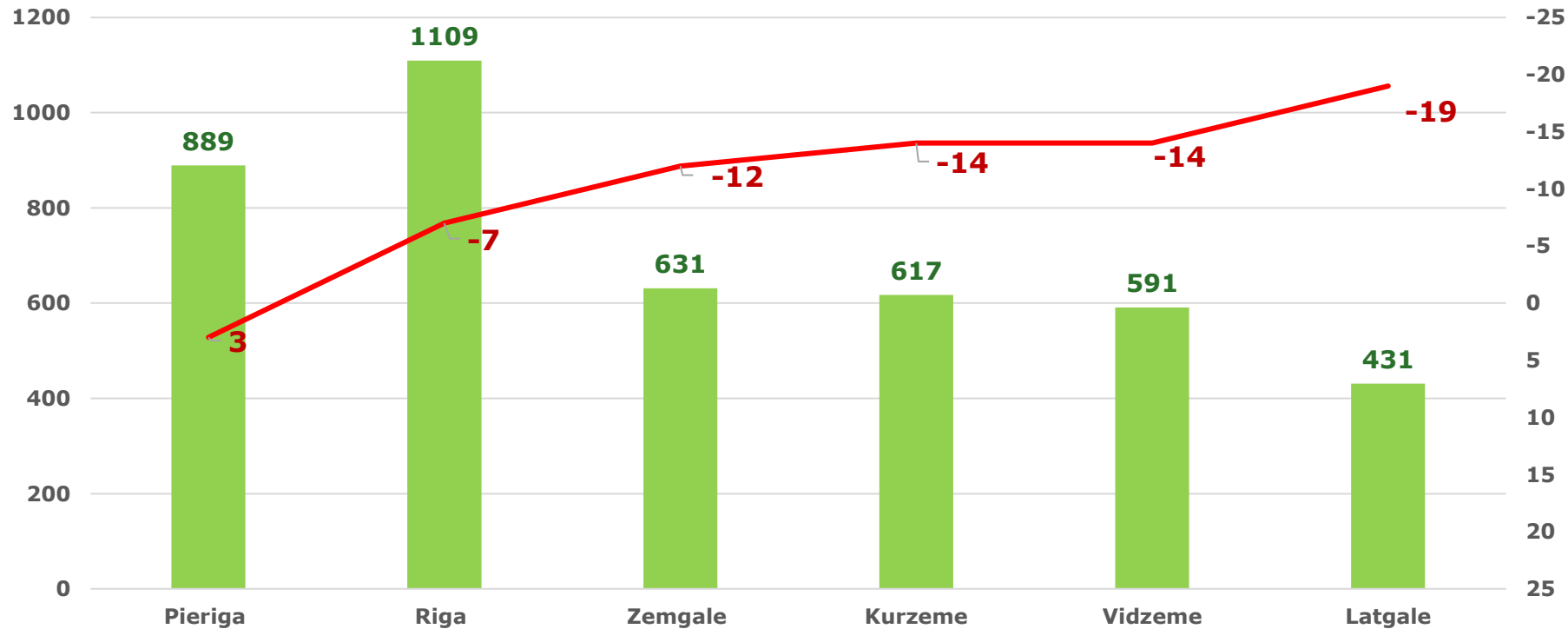
- Evaluation of projects – additional **administrative burden** to small countries
  - (-) evaluation of full set of criteria
  - (+) selection of **project ideas** would be sufficient for cities
- **Time-consuming process** –
  - (-) elaboration of integrated development programmes (strategies), establishment of all procedures for selection of projects, verification and other administrative tasks
- **Funding for ITI implementation** (in Latvia only through ERDF)
  - (+) ITI covers economic, social, environmental, climate change issues that could be addressed through different funds
  - (+) Strategies foresee broader list of needs and funding sources



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# Regional challenges

## Population changes and impact on municipal budget



Personal income tax and real estate tax revenue in municipal budget 1 pers., eur (2020)

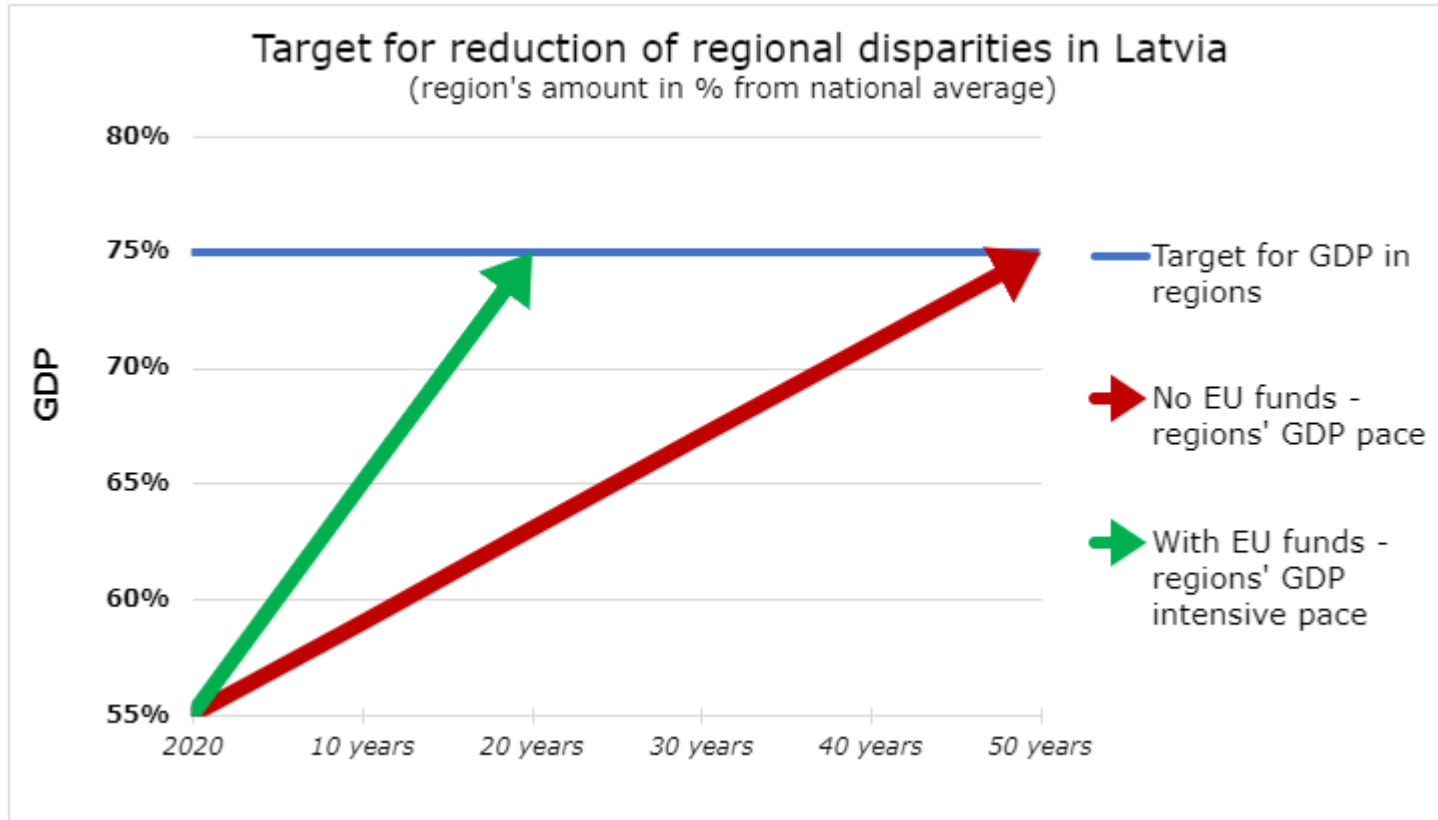
Population change (decrease) 2021-2011, %

- Latvia has the **3rd highest** regional disparity among OECD countries
- **Negative effect on human capital** (decreased by up to 19% 2011-2021)
- As a **result, smaller municipalities are limited in their ability to attract resources**



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## Regional policy goal – economical development to reduce regional inequalities



**To reduce GDP per capita differences among regions by half over a period of 20 years**  
(from 50% to 75% of Latvia's average)





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# Development Directions and Planned Support Measures\*

Municipality

## Support measures

### **1. Business development in regions and their productivity**

Business support infrastructure (combined with other support instruments for SME's)

### **2. Providing services in line with demographic challenges and accessibility**

- Energy efficiency in municipalities and adaptation to climate change
- Accessibility of pre-school education and childcare service
- Smart municipalities – improving service efficiency
- Mobility in regions
- Development of sustainable public outdoor space

### **3. Effectiveness of administration**

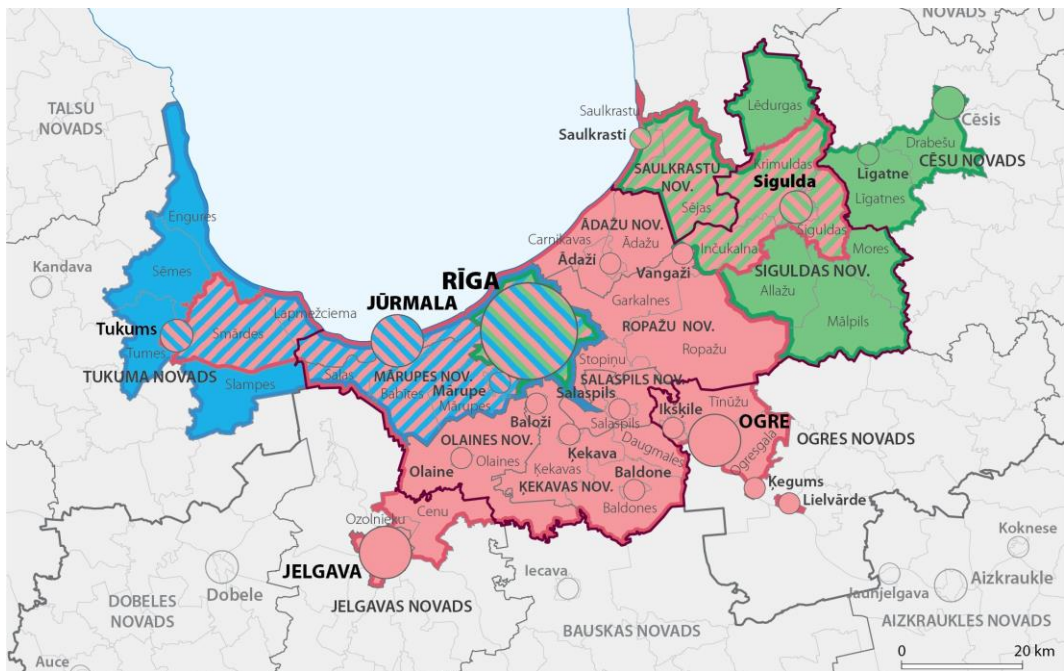
Capacity-building for municipalities and planning regions for smart development planning and implementation

\* Main financial sources: EU structural and investment funds, RRF, national financial support instruments (grants, loans etc.) and other foreign support instruments



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# 2021-2027 Programming Period approach (I)



- Investments in functional urban areas (FUA) within PO5

**FUA – national and regional level development centres (cities) and the surrounding territories outlined in «Latvija 2030» strategy between which:**

Daily workforce migration occurs

and

Exists a shared network of services



**Mobility – accessibility**



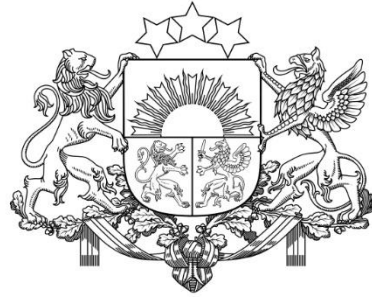
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## 2021-2027 Programming Period approach (II)



**Territorial tool supporting initiative** developed by MoEPRD:

- distributing funding based on regional criteria (e.g. GDP per capita)
- support for regional projects
- support based on regional development planning documents



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**Thank you!**