

European Cohesion Policy in Latvia

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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between Member States and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

IMPACT AND RESULTS OF COHESION POLICY IN LATVIA

Latvia became eligible for Structural Funds support when it entered the EU in 2004. The main objective of the development strategy was to tackle the major sources of regional disparities in the areas of **infrastructure, human resources, and industry, as well as agriculture and rural development.**

Between 2004 and 2006, Structural Funds assisted in:

- **creating over 2 200 new jobs with unemployment also falling to around 5%** by the end of 2007;
- **increasing GDP:** by 2007, gross domestic product (GDP) per head had risen to 60% of the EU-27 average from 43% in 2004;

Cohesion Policy 2007–13



- **supporting more than 800 small and medium-sized enterprises (SMEs);**
- **upgrading of over 120 water service systems,** including the replacement of Riga's main water pumping station, which dated back to 1946;
- **rehabilitating almost 70 hectares of waste dumps,** including the landfill sites of Valmiera and Ventspils;
- **renovating 140 km of road;**
- **increasing Internet provision to ensure coverage for all secondary schools**
- a total of 47 Cohesion Fund projects (including ex-ISPA (Instrument for Structural Policies for Pre-Accession) projects) were approved by the European Commission in the period 2000–06.

A SNAPSHOT OF ACHIEVEMENTS

- Over 2 200 new jobs
- Support for more than 800 SMEs
- 140 km of road renovated



European Union
Cohesion Policy

EUROPEAN INVESTMENT IN LATVIA – 2007–13

For the 2007–13 period, Latvia has been allocated around **€4.6 billion** in total, €4.5 billion under the Convergence¹ Objective, and €90 million under the European Territorial Cooperation Objective. This is nearly four times more than for the previous programming period, 2004–06.

Latvia has three programmes: two supported by the ERDF and Cohesion Fund: ‘Entrepreneurship and Innovations’ and ‘Infrastructure and Services’, and one supported by the ESF: ‘Human Resources and Employment’. All three programmes cover the entire territory of Latvia.

FUNDS FOR LATVIA IN BILLION € 2007–13

Objective	Fund	EU	National Public	National Private	Total
Convergence	CF	1.5	0.3	0.2	2.0
	ERDF	2.4	0.4	0.3	3.1
	ESF	0.6	0.1	0.02	0.7
Total Convergence		4.5			
Total European Territorial Cooperation*	ERDF	0.1	-	-	0.1
TOTAL		4.6	0.8	0.5	5.9

Figures have been rounded up

* Each Territorial Cooperation programme includes a minimum of 15% co-financing from each participating Member State.

MAIN PRIORITIES OF COHESION POLICY IN LATVIA, 2007–13: DELIVERING THE LISBON STRATEGY

The relaunch of the Union’s Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union’s agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called ‘Lisbon objectives’.

In the 2007–13 period, emphasis will be put on the improvement of public services and infrastructure. Actions supported include the development of information and communication technologies (ICT), the introduction of e-government services, improvement of regional transport infrastructure, investment in environmental infrastructure and services, the preservation of natural and historical heritage and the development of tourism.

Improving the **environment, promoting sustainable growth and combating climate change** are key priorities for Latvia in the 2007–13 period. Nearly €1 billion of the allocated funding has been set aside to improve the environment and finance risk prevention measures. In addition, 50 hectares of polluted areas will be rehabilitated and up to 73 energy efficient social houses supported. Around €128 million is foreseen for measures that will directly contribute to combating climate change.

Almost €1.17 billion of the total Structural Fund budget for Latvia will be invested in **transport infrastructure**, with considerable investments flowing into trans-European transport network (TEN-T) projects (€333 million): 56.4 km of TEN-T roads and 52 km of TEN-T railways will be constructed or reconstructed, which will lead to considerable savings in passengers’ travelling time.

Latvia plans to invest around €1 billion in strengthening its **scientific and research potential**, innovative companies, enhancing international competitiveness, and promoting the transfer of knowledge and its commercialisation.

Nearly €380 million will help to improve **education and training** systems at all levels. Over 4 000 master’s and doctoral students are to receive support, mainly in the sciences, and the qualifications of over 27 000 teachers will be improved. There will be 20 000 people taking part in skills and training activities. With the help of the Structural Funds, Latvia has pledged to support 36 000 unemployed and over 14 000 disadvantaged people in order to prevent social exclusion and to provide better support services. Structural Funds to the tune of €42 million will be used to promote social inclusion.

Support for entrepreneurship, especially **SMEs**, will be allocated €500 million in Latvia. The country will also make use of new innovative financing mechanisms such as JEREMIE (Joint European Resources for Micro to Medium Enterprises) – the financial engineering instrument designed to facilitate access to finance for SMEs and new business creation. The ‘Entrepreneurship and Innovations’ programme includes a priority with more than €160 million dedicated to financial engineering.

With a budget of €267 million, **urban development** policies will focus on regional growth centres outside the Riga region and regeneration of the most deprived areas of Riga city.

Latvia is investing €190 million in **developing and improving its ICT infrastructure** and services. The plan is to create new electronic services and to build 400 new public Internet access points.

Investments in **administrative capacity-building** will receive a total of €69 million of Structural Funds. It is expected that 6 000 public officials, social partners and NGO representatives will be trained and that 98 institutions will introduce quality management systems. In addition, the JASPERS² facility will be used to improve quality when it comes to preparing and selecting major projects.

THE ESSENTIALS 2007–13

- €1.7 billion to improve transport infrastructure
- Nearly €1 billion to protect the environment, promote sustainable growth and fight climate change
- €1 billion for research and development
- €380 million set aside for education and training

¹ The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.

² JASPERS is a joint initiative with the European Investment Bank and the European Bank for Reconstruction and Development. It provides specialist assistance to the national authorities of new EU Member States for structuring investments in the main sectors supported by the Cohesion Fund and the ERDF, chiefly roads and rail, urban transport, water, solid waste and energy.

■ BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Cooperation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Cooperation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional cooperation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

Latvia has a total ERDF budget of €90 million for European territorial cooperation for the period 2007–13, and participates in **eight programmes**:

- three cross-border programmes, with Estonia and Lithuania, plus the Central Baltic programme involving Estonia, Finland and Sweden. Latvia hosts the managing authority (Ministry of the Interior) for the Latvia-Lithuania cross-border cooperation programme;
- the transnational Baltic Sea Region programme with Germany, Denmark, Sweden, Finland, Estonia, Lithuania and Poland plus Norway, the Russian Federation and Belarus;
- all four interregional cooperation programmes (total budget for all the 27 EU Member States: €443 million)³: INTERACT II, URBACT II, ESPON/ORATE and INTERREG IV C.

³ INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT – thematic city networks, INTERACT – support for cooperation programme management organisation, ESPON – an observation network for spatial planning.

■ THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

In 2005, Latvia suffered €193 million damage from a major storm and received €9.5 million in aid from the Solidarity Fund.

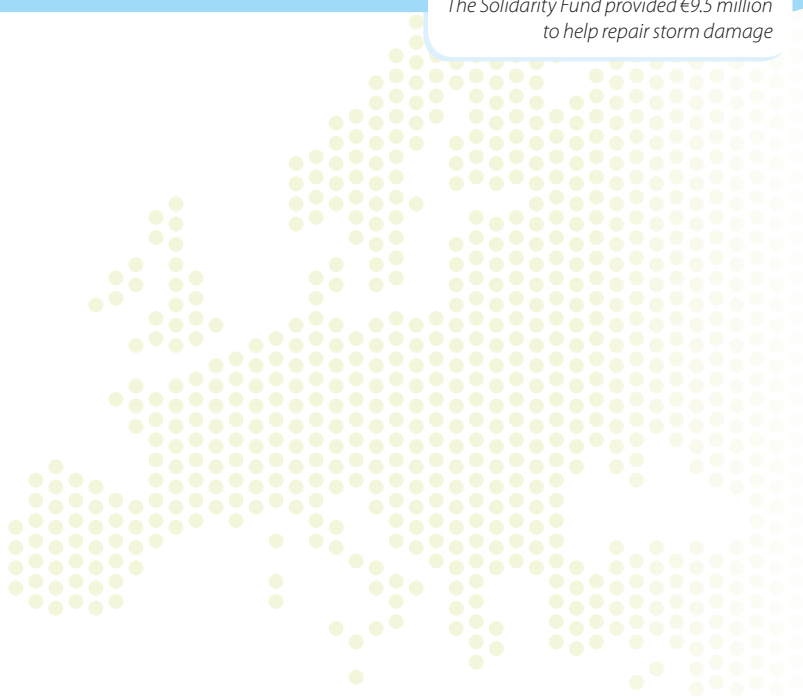


The Solidarity Fund provided €9.5 million to help repair storm damage

Latvia

€4.6 billion for 2007–13

Boosting growth, jobs and competitiveness



Regional policy on the ground

SOLID HOUSEHOLD WASTE MANAGEMENT SYSTEM IN THE VENTSPILS REGION

Located on the Baltic coast, the Ventspils region includes the city of Ventspils, the 6th largest city in Latvia (population 46 000), and Ventspils district, which consists of 12 rural municipalities, with a total population of 60 661 and covering an area of more than 2 500 km². The region traditionally had no landfill facilities and there were 13 dumps operating without compliance to any environmental standards. The 'Solid household waste management system in the Ventspils region' project has changed this situation and resulted in an environmentally and economically sustainable solid waste management system for the region, which conforms to national and EU environmental standards. Some key elements of the project are:

- construction of two waste sorting points on both sides of the River Venta, which runs through the city of Ventspils;
- construction of a transit warehouse for dangerous waste;
- improving the access road to the landfill site;
- the purchase of specialised landfill and waste management machinery and equipment;
- the installation of a device for monitoring underground and surface water;
- the closing and remediation of 13 existing dumps (approximately 31 hectares);
- the introduction of sorted waste collection and the recycling of paper, cardboard, glass and metal.

The European Union has made a financial contribution of €3.03 million to this project, out of a total budget of €6.19 million.



Recycling plays a part in ensuring waste disposal is sustainable in Ventspils.

VIA BALTICA: CONSTRUCTION OF SAULKRASTI BYPASS

The Saulkrasti bypass forms part of the Via Baltica from Lilaste to Skulte. It was the biggest road-building project in Latvia since the country regained its independence.

The location of the town of Saulkrasti next to the coast of the Riga Gulf makes this area a very attractive tourist destination. In the summer season, the number of tourists far exceeds the local population. At the same time, the town lies on the international transit route of the Via Baltica, which links Riga and Warsaw.

EU funding supported the building of the 20.24 km long Saulkrasti bypass and reconstruction of part of the existing A1 road (14.8 km), including 15 bridges and overpasses, four railway crossings, pedestrian and bicycle roads and bus stops.

The existing A1 road passed through Saulkrasti. The completion of the bypass greatly improved traffic safety, in particular for pedestrians in Saulkrasti town, by diverting transit traffic on to the bypass. It has been operational since September 2007.

The European Union has made a financial contribution of €40.03 million to this project, out of a total budget of €111.87 million.

Websites: <http://www.lvceli.lv/en/?i=107> and <http://www.esfondi.lv/kartoteka.php?id=712&action=project&idp=76>



More information

EU Regional Policy

http://ec.europa.eu/regional_policy/

Cohesion Policy in Latvia

http://ec.europa.eu/regional_policy/atlas2007/latvia/index_en.htm

National website

<http://www.esfondi.lv>

European Social Fund

<http://ec.europa.eu/social/>