



WP1: Synthesis report

*Ex post evaluation of Cohesion Policy programmes
2007-2013, focusing on the European Regional
Development Fund (ERDF) and the Cohesion Fund (CF)*

Task 3 Country Report

Latvia

September 2016



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EUROPEAN COMMISSION

Directorate-General for Regional and Urban Policy
Directorate B – Policy
Unit B.2 Evaluation and European Semester

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**WP1: Synthesis report
(contract number 2014CE16BAT016)**

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Luxembourg: Publications Office of the European Union, 2016

ISBN [number]

doi:[number]

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List of abbreviations

AIR	Annual Implementation Report
ERDF	European Regional Development Fund
ETC	European Territorial Cooperation
EU	European Union
GDP	Gross Domestic Product
GDFCF	Gross Domestic Fixed Capital Formation
MA	Managing Authority
MC	Management Committee
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
R&D	Research and Development
RTD	Research and Technological Development
SME	Small and Medium Enterprise



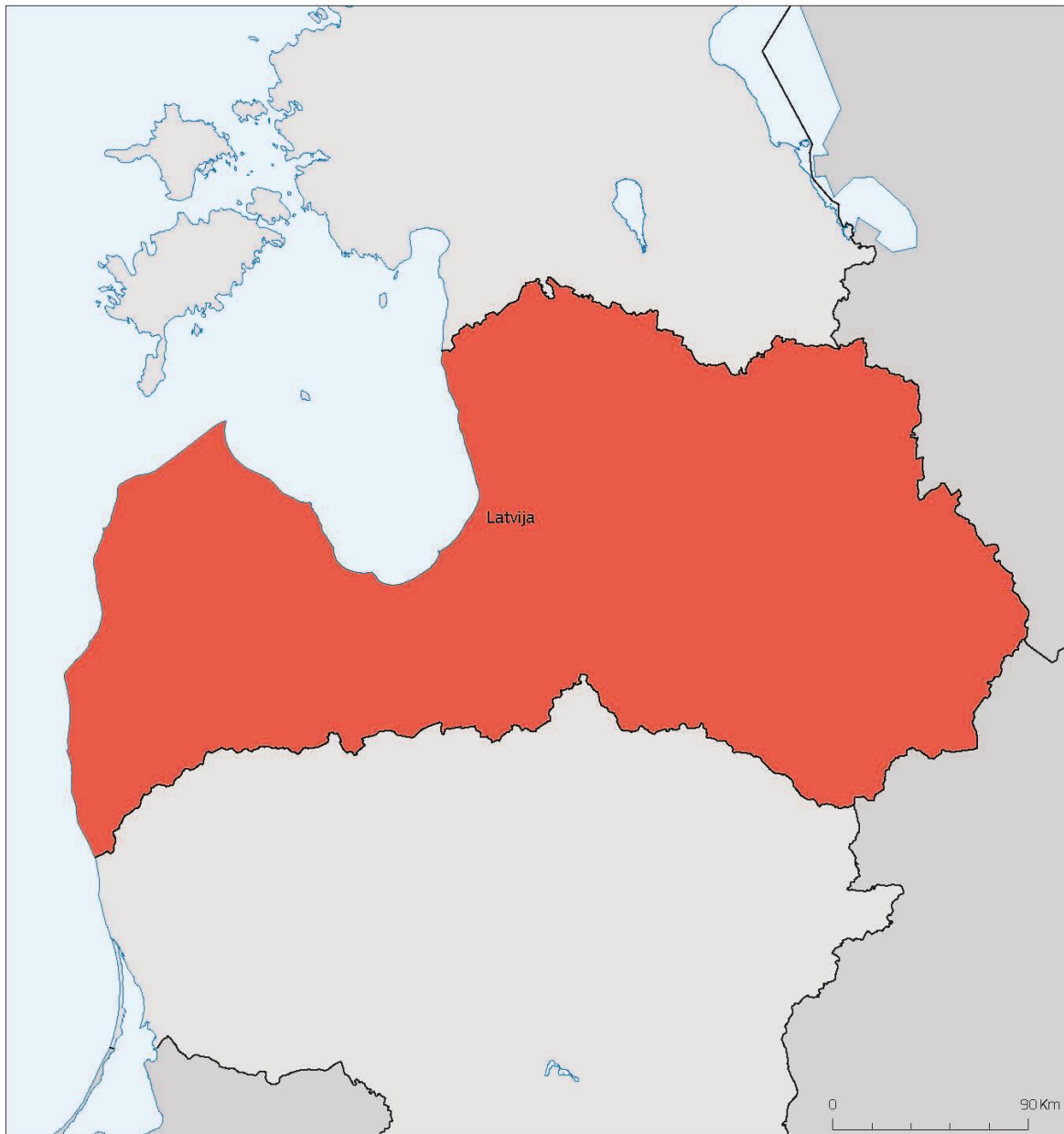
List of programmes and link to beneficiaries of ERDF and Cohesion Fund support

CCI	Name of OP	Link beneficiaries	Number of projects
2007LV161PO001	OP Entrepreneurs hip and Innovations	http://www.esfondi.lv/activities.php?id=867	4 534
2007LV161PO002	OP Infrastructure and Services	http://www.esfondi.lv/activities.php?id=867	3 004

Note: The web links above are to websites of the respective Managing Authorities who, under the rules governing the 2007-2013 programmes were required to publish the names of the beneficiaries of the funding allocated. The number of projects supported has been estimated on the basis of the information published on the website at the time when the data were downloaded. In the meantime the data concerned may have been updated. It may also be that the data have been moved to another part of the website, in which case the link may not work. If this is the case, those who wish to locate the data concerned will need to go to main OP website, as indicated by the beginning part of the link and search from there.



Map 1 Latvia and NUTS 2 regions, GDP/head (PPS), 2014



Latvia: GDP/head (PPS) by NUTS-2 region, 2014

- Index, EU-27 = 100
- < 50
 - 50 - 75
 - 75 - 90
 - 90 - 100
 - 100 - 125
 - >= 125
- ⚡ NUTS2 boundaries

Sources: Eurostat, DG REGIO



Preliminary note

The purpose of the country reports is to provide for each Member State a short guide to the findings of the ex post evaluation of Cohesion policy programmes 2007-2013 undertaken by DG Regional and Urban Policy and an overview of the context in which the programmes were carried out. It is based on information produced by Task 1 and Task 2 of WP1 and on the country specific findings from the various WPs that form the ex post evaluation. These are listed below with an indication in brackets of the case studies carried out in the Member State concerned.

WP0 – Data

WP1 – Synthesis

WP2 – SMEs, innovation and ICT

WP3 – Venture capital, loan funds

WP4 – Large enterprises

WP5 – Transport

WP6 – Environment

WP8 – Energy efficiency

WP9 – Culture and tourism

WP10 – Urban development and social infrastructure

WP11¹ – European Territorial Cooperation (case study Baltic Sea Region programme)

WP12 – Delivery system (case studies OP Infrastructure and Services and ETC Central Baltic – ESF OP Human Resources and Employment)

WP13 – Geography of expenditure

WP14 – Impact modelling

¹ The findings from WP11 – European Territorial Cooperation are summarised in a separate report as part of Task 3 of WP1.



Executive summary

In Latvia, the economic and financial crisis brought to a halt the exceptional economic growth experienced over the 2000-2007 period. Between 2007 and 2009, GDP contracted by more than 9% a year, the proportion of working-age population in employment declined by over 8 percentage points and unemployment climbed to 17.5% of the labour force. The budget deficit increased to 9% of GDP and Latvia requested the support of the International Monetary Fund (IMF) and the European Commission (EC) to help resist financial market pressure.

Regional disparities remained persistent in particular between the Capital city, Riga, and the rest of the country. Although they appeared after accession to the EU in 2004, the Capital city showed more dynamism than the rest of the country in the aftermath of the recession.

Over the 2007-2013 period, Latvia received ERDF and Cohesion Fund support under the Convergence Objective support. In total, the funding made available for the period amounted to EUR 3.9 billion, equivalent to 2.6% of GDP and over 50% of Government capital expenditure. As a result, EU funding played an important role in the recovery of the economy after the recession. The rate of implementation of programmes, as reflected in Commission payments of funding relative to the total amount available, was reasonable consistent over the period and by the end of 2015, all the funding seems to have been spent.

Overall, infrastructure projects in transport and the environment received the largest share of funding, along with enterprise support, RTD and innovation, though a significant amount also went to social infrastructure. Despite the economic crisis, only minor shift of funding between policy areas occurred.

The investment in transport, which was mostly concentrated in the Eastern part of the country, led to the upgrading of 637 km of existing roads, mainly on the trans-European Transport Network (TEN-T). As a result, the transport route from Ventspils through Riga to Moscow was improved along with the connections between Riga and the Eastern regions.

In addition, the funding provided over the period up to the end of 2014 led directly to the creation of around 3 300 jobs, of which around 330 were in research. This was achieved in obtained in as a result of the support provided to 1 184 projects to help firms finance investment, 153 RTD projects and 36 cooperation projects between SMEs and research centres.

Moreover, investment in environmental infrastructure resulted in over 670 thousand additional people being connected to clean drinking water supply and an additional 90 thousand to new or upgraded wastewater treatment facilities. Equally, ERDF support led to over 146 thousand more people being covered by broadband.

Overall, it is estimated that the additional investment supported increased GDP in Latvia in 2015 by around 5% over what it would be in the absence of the funding and that it will result in GDP in 2023 being over 5% higher than without the investment concerned.



1. The policy context and background

1.1. Macroeconomic situation

Latvia was one of the EU Member States hit hardest by the financial and economic crisis. After a period of exceptionally high economic growth, averaging 9% a year between 2000 and 2007, Latvia entered into recession with GDP falling by more than 9% a year between 2007-2009 (Table 1). The employment rate of working-age population (defined as those aged 20-64) declined markedly as a result, falling by over 8 percentage points, and unemployment increased almost threefold to 17.5% of the labour force in 2009.

Table 1 GDP growth, employment and unemployment, Latvia and the EU, 2000-2015

	2000-07	2007-09	2009-11	2011-13	2013-2014	2014-15
GDP growth	<i>(Annual average % pa)</i>					
Latvia	9.0	-9.1	1.1	3.5	2.4	2.7
EU average	2.3	-2.0	1.9	-0.1	1.4	1.9
	2000	2007	2009	2011	2013	2015
Employment rate (% 20-64)						
Latvia	63.4	75.2	66.6	66.3	69.7	72.5
EU average	66.5	69.8	68.9	68.6	68.4	70.1
Unemployment rate (% lab force)						
Latvia	14.2	6.1	17.5	16.2	11.9	9.9
EU average	9.2	7.1	8.9	9.6	10.8	9.3

Source: Eurostat, National accounts and Labour Force Survey

In the second half of 2010, Latvia started to recover from the crisis as a result of a strong export growth. In 2011-2013, GDP growth averaged 3.5% a year and though it slowed in the subsequent four years, it still averaged around 2.5% a year, much less than before the crisis but above the EU average. The employment rose as a result, to 72.5% by 2015, still slightly below the pre-crisis level, and unemployment declined significantly, though it remained close to 10% in 2015.

Table 2 Government budget balance, accumulated debt and investment, Latvia and the EU, 2000-2015

	2000	2007	2009	2011	2013	2015
Public sector balance	<i>(% GDP)</i>					
Latvia	-2.7	-0.7	-9.1	-3.4	-0.9	-1.3
EU average	0.0	-0.9	-6.7	-4.5	-3.3	-2.4
Public sector debt						
Latvia	12.1	8.4	36.6	42.8	39.1	36.4
EU average	60.6	57.9	73.1	81.1	85.5	85.2
General Govt investment						
Latvia	2.0	5.9	4.9	5.0	4.4	4.4
EU average	2.9	3.2	3.7	3.3	3.0	2.9

Source: Eurostat Government financial accounts

The crisis had a marked effect on public finances. The budget deficit increased from less than 1% of GDP in 2007 to 9% in 2009, forcing the government to seek assistance from the International Monetary Fund (IMF) and the European Commission (EC). The fiscal consolidation measures implemented reduced the deficit relatively quickly and by 2013 it was below 1% of GDP again. Public investment was cut back as part of the consolidation measures to well below the pre-crisis level, but it remained



above 4% of GDP throughout the period, in large part due to the ERDF and Cohesion Fund received.

1.2. Regional Disparities

Latvia is a single NUTS2 region with a population of about 2 million and a GDP per head which, at the beginning of the 2007-2013 period, was well below 75% of the EU average. Regional disparities take the form of a major difference in GDP per head and the level of economic development between the capital city, Riga, and the rest of the country, in particular the Eastern part bordering Belarus and the Russian Federation.

After accession to the EU in 2004, there was a gradual process of convergence towards the EU average though regional disparities remained much the same. In 2004, GDP per head in Riga was almost 3 times higher than in the rest of the country and it was the same three years later. Income disparities and a lack of opportunities in rural areas led to internal migration from rural areas to the capital. Outward migration to other countries also increased after Latvia's accession to the EU, as it opened up possibilities for free movement, and it was encouraged further exacerbated by the crisis. Between 2006 and 2014, over 7% of the population is estimated to have emigrated from the country (See Country folder for Latvia). This has resulted in rural areas losing working-age population and in an increase in the average age of the people that remain, making rural areas less attractive for investment.

These disparities became even more apparent after the crisis. Although both GDP and employment declined during the recession years across the country, the capital recovered slightly quicker, though unemployment there remained higher than before the crisis.

2. Main features of Cohesion Policy implementation

2.1. Nature and scale of Cohesion Policy in the country

For the period of 2007-2013, the regional development objectives outlined in the National Strategic Reference Framework (NSRF) included: (1) development and efficient use of human resources; (2) strengthened competitiveness and progress towards a knowledge-based economy; (3) improved public services and infrastructure as a precondition for a balanced national development.

Overall, during the programming period 2007-2013, the ERDF and Cohesion Fund support for Latvia amounted to EUR 3.9 billion. This is equivalent to 2.6% of the Latvian GDP over the period and corresponds to just over 50% of Government capital expenditure, implying that the two Funds were a major source of financing for development spending (Table 3). It is worth noting that the two funds provided around EUR 266 per head of population per year over the period, around 25% more than the EU12 average for Convergence regions.

The three priorities set in the NSRF were translated into two National Operational Programmes (OPs): the Entrepreneurship and Innovation OP (EUR 696 million) and the Infrastructure and Services OP (EUR 3 251 million).



Table 3 ERDF and Cohesion fund resources and national co-financing for the 2007-2013 period in Latvia, initial (2007) and last (April 2016)

	2007				2016			
	EU funding	National public funding	National private funding	Total	EU funding	National public funding	National private funding	Total
EUR million								
Convergence	3 979.8	687.3	429.5	5 096.6	3 947.3	353.3	663.9	4 964.5
<i>Change, 2007-2014</i>								
Convergence					-32.4	-334.0	234.4	-132.1
% GDP	2.66	0.46	0.29	3.41	2.64	0.24	0.44	3.32
% Govt. capital expend	50.9	8.8	5.5	65.2	50.5	4.5	8.5	63.5
Per head (EUR) pa	268.1	46.3	28.9	343.4	265.9	23.8	44.7	334.5
EU12								
% GDP	2.15	0.43	0.06	2.63	2.17	0.36	0.08	2.61
% Govt. capital expend	38.3	7.6	1.0	46.9	38.7	6.4	1.4	46.5
Per head (EUR) pa in Convergence	212.4	42.1	5.6	260.2	214.6	35.5	7.8	258.0

Note: EU funding relates to decided amounts as agreed in 2007 and as at 14 April 2016. The figures for % GDP and % Govt. capital expenditure relate to funding for the period as % of GDP and Govt. capital expenditure aggregated over the years 2007-2013. Govt. capital expend is the sum of General Government gross fixed capital formation and capital transfers. The EU12 figures are the total for the EU12 countries for comparison.

Source: DG Regional and Urban Policy, Inforegio database and Eurostat, national accounts and Government statistics

2.2. Division of funding between policy areas and changes over the period

The division of ERDF and Cohesion Fund co-financing between policy areas broadly followed NSRF priorities (Table 4)². About 30% of the resources were allocated to Transport, mainly to roads and around 20% to the Environment, while 17% was allocated to enterprise support and innovation. Substantial funding was also allocated to culture and social infrastructure (15%).

Over the programming period, only minor shift of funding between policy areas were made. The main changes consisted of an increase in funding going to Culture and social infrastructure and to a smaller extent to entrepreneurship. Funding was, instead, reduced for Roads, Innovation and RTD and Other investment in enterprises.

The changes were largely a result of an attempt to increase absorption as well as to respond to the crisis. In 2011, for example, resources (EUR 32.5 million) from the ERDF and the Cohesion fund were shifted from the second Infrastructure and Services OP priority 'Access to finance' to the Human resources and employment OP (European Social Fund) to support active labour market measures for implementation in 2012 and 2013. Even in late 2014, funding was transferred from the Infrastructure and Services OP to the Entrepreneurship and Innovation OP creating a new sub-activity 'Support for investment in infrastructure for Development of Entrepreneurship', which was aimed at combating the persistent high level of unemployment, particularly in the Eastern part of the country.

² The 17 categories shown in the table are aggregations of the more detailed 87 categories into which expenditure was divided in the period for reporting purposes.



Table 4 Division of financial resources in Latvia for 2007-2013 by category, initial (2007) and last (April 2016) and shift between categories

Category	EUR million					% Total	
	2007	2016	Added	Deducted	Net shift	2007	2016
1.Innovation & RTD	637.4	612.6	20.3	-45.1	-24.8	16.0	15.5
2.Entrepreneurship	15.3	29.8	14.5	-	14.5	0.4	0.8
3.Other investment in enterprise	58.5	30.9	-	-27.5	-27.5	1.5	0.8
4.ICT for citizens & business	170.2	170.2	-	-	-	4.3	4.3
5.Environment	792.7	792.7	-	-	-	19.9	20.1
6.Energy	127.4	137.4	10.0	-	10.0	3.2	3.5
7.Broadband	19.2	19.2	-	-	-	0.5	0.5
8.Road	515.5	483.0	-	-32.5	-32.5	13.0	12.2
9.Rail	256.3	256.3	-	-	-	6.4	6.5
10.Other transport	401.5	401.5	-	-	-	10.1	10.2
11.Human capital	-	-	-	-	-	-	-
12.Labour market	16.6	16.6	-	-	-	0.4	0.4
13.Culture & social infrastructure	568.5	599.0	30.5	-	30.5	14.3	15.2
14.Social Inclusion	-	-	-	-	-	-	-
15.Territorial Dimension	305.4	305.4	-	-	-	7.7	7.7
16.Capacity Building	-	-	-	-	-	-	-
17.Technical Assistance	95.3	92.8	-	-2.6	-2.6	2.4	2.4
Total	3 979.8	3 947.3	75.2	-107.6	-32.5	100.0	100.0

Note: 'Added' is the sum of additions made to resources in OPs where there was a net increase in the funding going to the category. 'Deducted' is the sum of deductions made to resources in OPs where there was a net reduction in funding. 'Social inclusion' includes measures to assist disadvantaged groups and migrants. 'Territorial dimension' includes support for urban and rural regeneration and tourist services and measures to compensate for climate conditions.

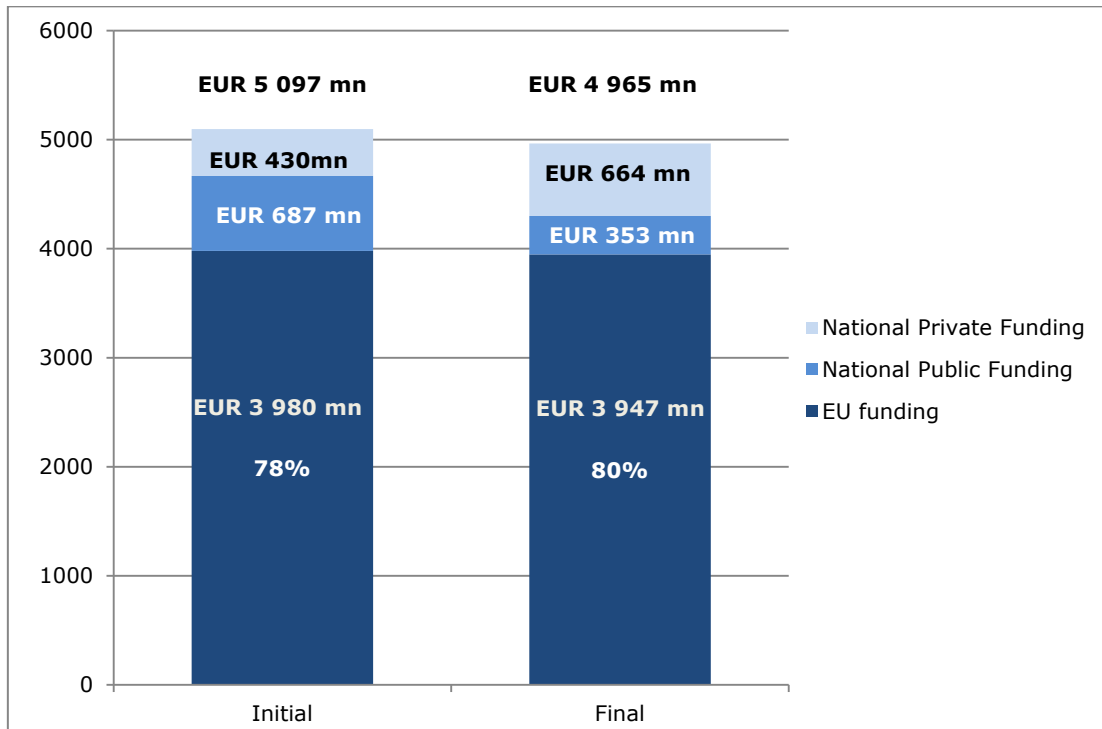
Source: DG Regional and Urban Policy, InfoREGIO database, April 2016

2.3. Policy implementation

The overall amount of EU funding made available for Latvia was reduced over the period as a result of the crisis and the subsequent fiscal tightening. In response to the constraints on public finances, the EU co-financing rate was increased from 78% to 80% in 2011, so reducing the counterpart national co-financing rate. The amount of national funding which was needed for programmes to be undertaken was, therefore, cut. In the event, funding from national government was nearly halved from EUR 687 million to EUR 353 million, while private funding increased by more than 50%. The overall funding available was reduced by around EUR 130 million, or by around 3% relative to what was initially planned, a small part of this being a reduction in EU funding (of EUR 33 million) and most being a reduction in the national contribution (Figure 1).



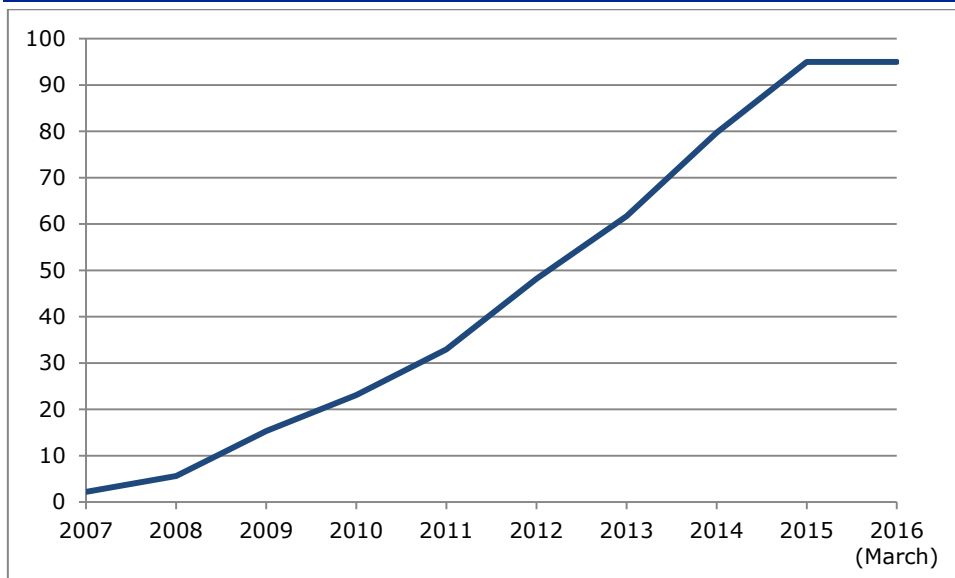
Figure 1 Total funding going to expenditure on Cohesion policy programmes for the 2007-2013 period, initial planned amount and final amount (EUR mn)



Source: DG Regional Policy financial data, 14 April 2016

The rate of implementation of programmes, as reflected in Commission payments of the ERDF and Cohesion fund relative to the overall amount available for the period, was relatively consistent over the programming period (Figure 2). 95% of the funding had been paid by the end of 2015, which is the maximum allowed given that 5% of funding is held back until all expenditure is approved, which implies that all the funding had been spent by then as required by the regulations.

Figure 2 Time profile of payments from the ERDF and Cohesion fund to Latvia for the 2007-2013 period (% of total funding available)



Source: DG Regional Policy financial data, end-March 2016



2.4. Delivery system (WP12)

An evaluation of the management and implementation of Cohesion policy over the 2007-2013 period was carried out by WP12³. It found that the lack of experience in managing Cohesion Policy programmes was particularly evident in Latvia. Despite the considerable efforts undertaken, performance in managing the funding was less than average as regards the various administrative functions, reflecting limited administrative capacity and a lack of experience in strategic policy-making. With regard to programming, the objectives set were considered too broad and ambiguous with the potential risk of being misinterpreted by the implementing bodies (though this applied to many countries and not just Latvia). The overall project selection procedure, however, was found to be clear and transparent, while the documentation was considered to be appropriate and user friendly.

As regards, financial management and control, some major shortcomings arose during the implementation of the programmes which were mainly related to the heavy workload and time-consuming control procedures, uncertainty about interpretation of the regulations and a lack of specific competence and knowledge on the part of experts and auditors.

As regards the assessment of project applications, an overlap was identified between the competences of the Monitoring Committee and the Cabinet of Ministers, which tended to make the procedure, and the decisions reached, less transparent.

3. The outcome of Cohesion Policy programmes – main findings from the ex post evaluation

The main findings summarised here come from the evaluations carried out under the Work Packages (WPs) of the ex-post Evaluation of Cohesion Policy 2007-2013 which covered in detail the following policy areas:

- Support to SMEs – increasing research and innovation in SMEs and SME development (WP2);
- Financial instruments for enterprises (WP3);
- Support to large enterprises (WP4);
- Transport (WP5);
- Environment (WP6);
- Energy efficiency in public and residential buildings (WP8);
- Culture and tourism (WP9);
- Urban development and social infrastructure (WP10);
- European Territorial Cooperation (WP11);
- Delivery system (WP12);
- Geography of expenditure (WP13);
- The impact of cohesion policy 2007-2013: model simulations with Quest III and Rhomolo (WP14).

All of these are relevant for Latvia except the evaluation on large enterprises (WP4) which covered only those countries which allocated significant amounts of funding to large enterprises, which was not the case for Latvia. The evaluation of ETC (WP11), it should be noted, is the subject of a separate report. The findings of WP12 were

³ A case study was carried out as part of: Case studies reports (Task3), Delivery System, of WP12, see http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1?



outlined above, while the estimates produced by WP13 on the allocation of funding and of expenditure between regions are not considered here⁴.

3.1. Enterprise support and innovation (WP2, WP3 and WP4)

During the 2007-2013 period, a total of EUR 673 million was allocated to the broad policy area of enterprise support and innovation, which corresponded to about 17% of the total amount available. Over 90% of this was allocated to RTD and innovation.

Overall, up to the end of 2014, 153 RTD projects were supported, together 163 projects supporting SMEs and 36 cooperation projects between enterprises and research centres. ERDF support helped 1 184 new businesses to start up and led to a reported 3 333 jobs were created being created over the country as a whole, of which 336 were in research.

SME support, R&D and innovation (WP2)

Over the programming period, Latvia's innovation performance remained far below the EU average. Total R&D expenditure remained much the same relative to GDP between 2006 and 2013 (at only around 0.6% of GDP), as did R&D expenditure in businesses (at only around 0.2% of GDP). On the other hand, the number of SMEs with high technological intensity increased to 15% of the total, although most of those (73%) remained low tech intensive.

While support to enterprises and innovation was not the main priority for the use of EU funding over the 2007-2013 programming period, it was still important for Latvia, amounting to 1% of total national investment and being around twice the scale of national support.

The financial crisis led to the focus of support shifting from the development of SMEs and innovation to measures aimed at creating jobs. Although finance continued to be provided to assist long-term investment in both fixed and intangible assets (machinery and equipment and the purchase of licenses or patents). Support mostly took the form of non-repayable grants but financial instruments were used as well (see below).

Financial Instruments for enterprises (WP3)

During the 2007-2013 period, relatively extensive use was made of FIs. The ERDF allocation to FIs for enterprises amounted to about EUR 160 million, representing around 24% of the total ERDF allocated for enterprise support⁵. The majority of the FIs were funded mainly by the ERDF with a national co-financing rate of only 26%, over two-third of the amount involved coming from the private sector. By the end of 2014, the funding allocated had been entirely paid into the respective funds while two-thirds had reached final recipients, leaving a third to be paid out over the final year of the programme.

FIs were adopted in Latvia in order to ease access to financing and facilitate business development. Overall, 15 FIs were co-financed, of which one was a Holding Fund and 14 specific funds. The Holding Fund was initially set up by the European Investment Fund (EIF), but from 2012 the Latvian Guarantee Agency, a State-owned institution, took over. The specific funds were managed by both private fund managers and public bodies. The prevalent form of support were loans and guarantees and venture capital were used only to a limited extent.

⁴ They are available at: http://ec.europa.eu/regional_policy/en/policy/evaluations/ec/2007-2013/#1.

⁵ Fourth Progress Report in financing and implementing financial engineering instruments, DG REGIO, September 2015.



3.2. Transport (WP5)

The largest share of funding over the 2007-2013 period was allocated to Transport, 29% of the total available or some EUR 1.1 billion, much of the funding going into TEN-T projects. The main objective of policy in this area was to improve links with others parts of central and Eastern Europe. Over 40% of the total amount allocated to transport was invested in roads, around 7% on rail and the rest in other forms of transport.

A large part of the funding for roads went on the main route in the eastern part of the country (especially in the Latgale region) from Ventspils through Riga to Moscow. The remaining funding was used to improve connections between different parts of the country.

Overall, funding co-financed the upgrading of 637 km of existing roads up to the end of 2014.

3.3. Environmental infrastructure (WP6)

Some EUR 793 million, or 20% of the total funding available, was allocated to the Environment and was almost entirely concentrated on environment infrastructure. In particular, investment in water supply and wastewater treatment accounted for around 80% of the funding and the remainder went to investment in waste management.

The funding played a major role in helping the country to comply with EU Directives in these areas. By the end of 2014, the investment co-financed resulted in over 670 thousand additional people being connected to clean drinking water supply, around a third of the total population, and over 90 thousand more being connected to new or improved wastewater treatment facilities. Funding also helped Latvia reach the EU target of reducing the municipal biodegradable waste sent to landfill to 75% of the 1995 level⁶.

3.4. Energy efficiency in public and residential buildings (WP8)

In Latvia, EUR 70 million of the ERDF and Cohesion Fund, or just 2% of the total funding available, was allocated to energy efficiency, co-generation and energy management. In total, 187 projects were co-financed mainly through non-repayable grants. Many of these projects were aimed at reducing energy use in public and residential buildings, the focus of the evaluation carried out by WP8, residential buildings being the main target in Latvia.

3.5. Culture and tourism (WP9)

Developing tourism has been a major policy objective in Latvia since independence in 1990 and the growth of tourism over recent years has been a significant factor underlying the growth of the economy. Despite this, culture and tourism were not included among the priorities for Cohesion policy funding in the 2007-2013 programming period. Only just over 1% of the funding available for the period, EUR 51.3 million, was set aside for these policy areas, one of the smallest shares in the EU.

Virtually all the funding (99%) went to support culture, while the remaining 1% was invested in individual hotels and restaurants projects. Nevertheless, support for culture was seen as a means of attracting more tourists, funding going on protecting and preserving the cultural heritage and developing cultural infrastructure. The support was mainly in the form of non-repayable grants.

⁶ Although the EU target was reached with some delay considering the already extended deadline of 2010.



According to a survey among Managing Authorities, however, the main rationale for supporting culture was to strengthen social cohesion rather than to increase the number of tourists.

3.6. Urban development and social infrastructure (WP10)

Some EUR 844 million, or 23% of the overall amount available, went to co-finance investment in urban development and social infrastructure. Just under 40% of the funding was allocated to supporting urban integrated urban regeneration projects mainly in towns of below 50 000 inhabitants in rural area. The 60% or so of funding going to social infrastructure went almost entirely to help finance investment in education building and equipment and healthcare facilities, while a small amount went to investment in childcare facilities.

The Infrastructure and Service OP (with a budget of EUR 3.2 billion) was reviewed as part of the evaluation carried out under WP10. The programme, although ostensibly concerned with supporting urban development and fostering an integrated approach instead tended to invest in housing, wastewater management, safe drinking water, waste management, accessibility issues and educational infrastructure on an individual project basis under the heading of 'investment in deprived areas'.

3.7. ETC (WP11)

Latvia was involved in three programmes financed under the Cross-border Cooperation strand of the ETC Objective, which were respectively with Latvia, Finland, Sweden and Lithuania, and the Baltic Sea Region programme (which involved 8 EU countries). The ETC-funded programmes are the subject of a separate report.

3.8. Impact (WP14)

Investment supported by Cohesion and rural development policies in Latvia over the 2007-2013 period amounted to an annual average of 2.2% of GDP. The investment concerned is estimated to have increased GDP in 2015, at the end of the programming period, by around 5% above the level it would have been in the absence of the funding provided⁷. It is further estimated that GDP in 2023, 8 years after the funding coming to an end, will be 5.4% higher as a result of the investment concerned. The estimates are higher than the average for EU12 countries, reflecting the relatively large amount of funding going to Latvia over the period.

3.9. Overview of achievements

Table 5 summarises the data reported by MAs for the core indicators showing the outcome of Cohesion policy-funded programmes. In addition to the outcomes reported above under the different WPs, support for investment in renewable energy added 140 Megawatts to the overall capacity to produce electricity from renewables, equivalent to about 8% of total capacity in 2006. Moreover, as a result of the ERDF support, over 146 thousand more people, around 7% of the total population, were connected to broadband.

It should be emphasised that since not all MAs report all of the core indicators, and in some cases, only a minority, the figures tend to understate achievements, perhaps substantially. In addition, the data reported also relate to the situation at the end of

⁷ Estimates by the Quest model, a new-Keynesian dynamic general equilibrium model in kind widely used in economic policy research, developed by DG Economic and Financial Affairs to assess the effects of policies. See The impact of Cohesion Policy 2007-2013: model simulations with Quest III, WP14a, final report, http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/expost2013/wp14a_final_report_en.pdf.



2014, one year before the official end of the period in terms of the expenditure which can be financed, so that they also understate achievements over the programming period because of this.

Table 5 Values of core indicators for ERDF co-financed programmes in Latvia for 2007-2013 period, as at end-2014

Core Indicator Code	Core indicator name	Value up to end-2014
1	Number of FTE jobs created	3 333
4	Number of RTD projects	153
5	Number of cooperation projects enterprises-research institutes	36
6	Number of research jobs created	336
7	Number of direct investment aid projects to SMEs	163
8	Number of start-ups supported	1 184
12	Number of additional population covered by broadband access	146 121
16	km of reconstructed roads	637
24	Additional capacity of renewable energy production (MW)	140
25	Additional population served by water projects	672 161
26	Additional population served by waste water projects (no.)	90 121

Note: The figures in the table are those reported by MAs in Annual Implementation Reports. Core indicators for which no data were reported by the Member State are not included.

Source: Annual Implementation Reports, 2014 and DG Regional Policy post-processing of these, August 2016

