

Reģionu attīstība Latvijā

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PREFACE



Balanced growth of all regions of Latvia is the basis of a sustainable and stable development. This will be provided by focused investment, involvement of a qualified workforce and most importantly – efficient use of the special growth potential in each region.

This is the first year when the general direction of the state has been defined in the National Development Plan by outlining medium term priorities. Besides developing education and science that would promote economic growth and competitiveness, strong regional and local governments play an important role in the development of the state.

A lot has been accomplished in administration strengthening at local and regional levels over recent years. By defining the role of planning regions in the state administrative framework, their status has been strengthened and the regions are becoming a stronger partner for regional policy formation and implementation.

At the same time there is ongoing work undertaken in close co-operation with the local governments on establishment of a state administrative territorial structure.

By creating counties with economic growth potential, equal living, working and environmental conditions will be provided for the population.

In order to facilitate a balanced growth across the whole territory of Latvia investment and efficient application of investment is important. European Union funding will serve as an important incentive for the regional development within the next seven years. Likewise there is ongoing work undertaken for improvement of the local government financing system and single government investment policy planning.

Currently we have all the pre-conditions for Latvia to become a flourishing country where people are enjoying prosperity and safety and may accomplish their goals in life. It depends on our common effort whether these pre-conditions are used to the full by promoting development in all regions.

Respectfully yours,
Aigars Stokenbergs
Minister for Regional Development and Local Governments

A handwritten signature in black ink, appearing to be 'A. Stokenbergs', written in a cursive style.



TERRITORIAL DEVELOPMENT INDICATORS AND ANALYSIS METHODOLOGY

Indicators

Data summarised and published by the Republic of Latvia Central Bureau of Statistics (CSP) as well as the data of State Treasury, State Employment Agency and State Land Service have been used in this territory development survey. These data are used as the basis for the estimates made by the State Regional Development Agency (VRAA) on the towns and regions located within each region in order to obtain sets of indicators for description and inter-comparison of planning regions. Availability of data has considerably influenced the structure of indicators included in the survey, as the range of used indicators was limited

For the purposes of this survey indicators capable of characterising the territory development in all of its most important aspects are selected and used in the calculation of territory development index.

Availability and structure of data is also affected by the administrative status of territories. More comprehensive statistical data are available about regions and cities, whereas there is less information about towns, counties and rural municipalities.

Statistical data used in the survey differ by reporting periods. Some parts of these data describe the situation at a certain period of time – either at the beginning or end of the year (in this report from the beginning of 2002 till the beginning of 2006. Whereas, the data describing a process taking place within a certain period of time refer to a period of one year (in this report from year 2001 till year 2005. For instance, number of population, age structure of population, demographic burden, density of population, unemployment rate apply to the beginning of each year. Number of workers employed full time and number of the unemployed applies to the end of each year. Indicators, such as the Gross Domestic Product, individual income tax, non-financial investment figures, data on economically active enterprises and entrepreneurial companies as well as the net population growth and net migration figures describe each year in particular.

It is necessary to admit that analysis of the statistical data publicly available in the collections issued by the LR Central Bureau of Statistics does not provide the possibility to immediately identify the concerns specific both for the whole of Latvia and each of its regions, but allows to identify the concerns that are collectively characteristic of all regions.

Administrative division as of January 1, 2007, has been applied, and the counties established in 2006 were used in the estimates.

Development assessment of territories

For development assessment of territories inter-comparison of the territories has been carried out as well as comparison of their indicator values against the mean values of the country in general.

Comparison of territory indicators for the last five years has been provided. Information included in this survey covers the period from 2001 to 2005, inclusive. On individual occasions development dynamics is analysed by comparing the indicator value for the last year of review against the mean value of the four preceding years. Correlation between different indicators has been analysed. Both absolute and relative indicators were used for comparison. Some indicators have been expressed in different measurement units, including percentages and percentage points, whereas secondary indicators were calculated both per 1 and 1 000 inhabitants.

Territory development index

Territory development indices are being calculated since 2000. Territory development indices for the needs of development assessment of territories, according to the methodology presently applied, are calculated individually for

uniform groups in terms of status and availability of indicators – regions, districts, cities, towns and rural municipalities.

County territories comprising a town are included in the town group. If a county consists of rural territories only it is included in the rural municipality group. There has been a separate range of indicators assigned for determination of the socio-economic development level of each group of territorial items. A total of 8 indicators are used in the group of regions and districts, 6 in the rural municipality group, whereas 4 indicators are used in the town group. A definite weight figure has been attributed to each indicator by its significance, estimated by experts.

Territory development indices have so far been calculated for seven years – from 1999 to 2005. However, in the Annex to this edition, development indices and ranks of districts, towns and rural municipalities are available for the period of the previous five years, and regional indices have been outlined in the section on planning regions. In order to identify the factors affecting differences in development index values within a certain group of territorial items the basic indicator elements of territory development index can be assessed.

Development index values and the basic indicator elements used in their calculation have been used in this survey for general analysis of territory development, description of differences in socio-economic development, comparison of the living standards of population as well as for establishment of the factors influencing the development of regions.

A territory development index is used as supporting information in government decision-making as this particular synthetic indicator gives the opportunity to compare territories by level of development. Development index is used to ensure the operation of government support programs, to determine the degree of intensity of the regional development support measures and to identify territories of special support*. It is possible to use this index also in the development planning process as well as in the programme and project design and supervision process.

Development index of region territories

Employing data available for 2003-2005, development indices for territories of a region have been calculated for each planning region as a separate territorial group within this region by combining towns, counties and rural municipalities into a single group. In the estimate of territory development indices in the region, average values of the specific indicator in the region were used as the basis for comparison. Four indices have been used in the estimate: unemployment rate, individual income tax per capita, level of demographic burden and change in the number of population in five previous years.

Development index estimated for the territories of a region can be used for comparison and assessment of the level of development of towns, counties and rural municipalities, description of differences in development within the group of towns and rural municipalities of a region as well as in planning documents of state and regional development.

Possibilities to obtain statistical data on towns and rural municipalities merged within the counties are limited currently. In order to assess and analyse the processes of regional development in the country, monitoring over a longer time period is required. It has to be noted that in the course of establishing new administrative territories it is still necessary to maintain comparability of the existing statistical data.

For comprehensive analysis of the regional development differences further research on the development processes within the territories of regions is required. Within this report regional territories have been described in line with selected indicators.

* Territory of special support is a territory with long-standing negative economic and social development trends or one of such trends, and for which the status of special support has been assigned in the procedure defined by the Cabinet of Ministers

TERRITORIES OF PLANNING REGIONS AND LOCAL GOVERNMENTS

Territories of planning regions

Pursuant to the Law on Regional Development adopted on April 9, 2002, and in accordance with the Cabinet of Ministers Regulation No 133 of March 23, 2003, territories of five planning regions were established for the needs of regional development planning, coordination and cooperation enhancement between local governments (see Table 1 and Figure 1).

Assignment of legal status to planning regions strengthens the role of regions in public administration, as well as increases the opportunities of regions to defend their interests within the processes for state policy development and implementation. Coordinated actions by state administrative institutions and local governments are necessary in fostering the acquisition of European Union Structural Funds.

In order to fulfil the requirements of the European Parliament and the European Union Council Regulation No. 1059/2003 'On the establishment of a common classification of territorial units for statistics (NUTS)' for the maximum permissible number of population at NUTS 3 level – 800,000, by concurrently making the statistical regions to the maximum extent compatible with the planning regions, there has been a new structure of statistical regions designed in Latvia by establishing six statistical regions. The composition of the new statistical regions was approved by the Cabinet of Ministers Decree No. 271 'On Republic of Latvia statistical regions and comprised administrative territorial units' of April 28, 2004, and accepted by Eurostat. The Riga planning region has been split into two statistical regions in the new structure of statistical regions – Riga and Pieriga statistical regions. The other four planning and statistical regions are completely identical. Therefore, there are six statistical regions, and, however, five planning regions in Latvia.

Riga planning region	Vidzeme planning region	Kurzeme planning region	Zemgale planning region	Latgale planning region
Riga city	Aluksne district	Liepaja city	Jelgava city	Daugavpils city
Jurmala city	Cesis district	Ventspils city	Aizkraukle district	Rezekne city
Limbazi district	Gulbene district	Kuldiga district	Bauska district	Balvi district
Ogre district	Madona district	Liepaja district	Dobele district	Daugavpils district
Riga district	Valka district	Saldus district	Jekabpils district	Kraslava district
Tukums district	Valmiera district	Talsi district	Jelgava district	Ludza district
		Ventspils district		Preili district
				Rezekne district

Table 1. Territories of planning regions according to the Cabinet of Ministers Regulation No 133 'On territories of planning regions' of March 23, 2003



Figure 1. Territories of planning regions according to the Cabinet of Ministers Regulation No 133 'On territories of planning regions' of March 23, 2003.

Local governments in planning regions

As of January 1, 2007, there were 553 local governments in Latvia in total – 26 district governments and 527 local governments that were divided further into 7 city local governments, 53 district town local governments, 432 rural municipality local governments and 35 county governments.

The largest number of local governments (134) or almost one quarter of all the towns, counties and rural municipalities of Latvia is hosted by Latgale region. A slightly smaller number of local governments – 124, are hosted by Vidzeme region. Kurzeme region includes 99 local governments, and Zemgale region – 95 (see Figure 2).

* NUTS – nomenclature of territorial units for statistics for common classification of territorial units in European Union. The NUTS 3 level is also applicable to regional statistics in Latvia.

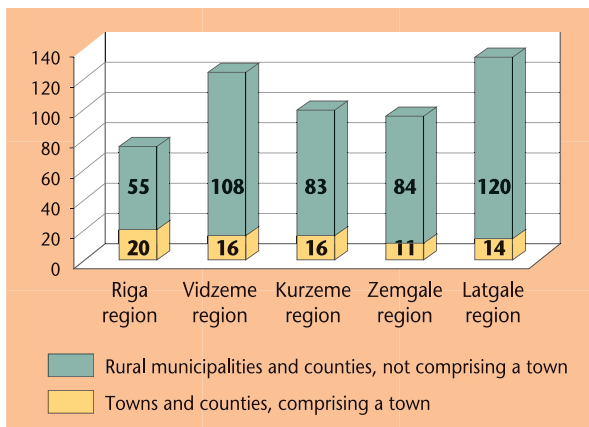


Figure 2. Number of local governments in groups of towns and rural municipalities in the planning regions at the beginning of 2006.

Riga region is hosting the highest percentage of towns compared to the total number of local governments – 20 towns constitute 72% of the total number of administrative territories in the region. In other regions the percentage of towns from the total number of local governments is from 10 to 16.

On average, there are above 4.4 thousand inhabitants in a single local government unit, excluding, however, rural municipality units (rural municipality units and rural counties) where the number is 1.5 thousand inhabitants per unit of local government.

Number of local government territories with a small number of inhabitants is relatively large. There are 192 local governments among rural municipalities where the number of population is below 1 000, and 183 local governments with the number of population between 1 000 and 2 000. Only in 75 local governments the number of population is higher than 2 000, in 23 of which – above 4 000 (see Table 2).

Population	Number of rural municipalities and counties	Population ratio to total population of the country
up to 999	192	6.0
1000-1999	183	11.2
2000-2999	40	4.2
3000-3999	12	1.6
4000-4999	10	1.9
5000 and more	13	4.3

Table 2. Breakdown of rural municipalities and rural counties by number of population as at the beginning of 2006

The greatest part of rural municipalities with the number of population below 2 000 is located in Latgale region (112) and in Vidzeme region (97), and the smallest – in Riga region (33). The number of small local governments in Kurzeme region is 73 and 62 in Zemgale region.

Looking separately at rural municipalities where the population number does not exceed 1 000, Latgale region stands out sharply – 68 or one third of the respective local government group represent small-sized rural municipalities. In Vidzeme region there are 47 rural municipalities in which the number of resident population is below 1 000, 37 – in Kurzeme region, 29 – in Zemgale region and 11 rural municipalities in Riga region.

Distribution of the 13 large rural municipalities (with the number of population of 5 000 and above) across regions is as follows: there are no local governments of size this large situated in Vidzeme and Kurzeme region (see Table 3).

The largest rural governments according to the number of population are located in Riga region – Kekava rural municipality (12 566 inhabitants) and Marupe rural municipality (10 313 inhabitants). Smallest local governments in Latvia are located in Vidzeme region – Kalncempji rural municipality (281 inhabitants) and Ipiki rural municipality (332 inhabitants).

Almost one fifth of the population of Latvia – 17.2%, live in 375 rural local governments with population of up to 2 000, which constitute 83% of the total number of local governments, of which, 6.1% of the total population of the country live in 192 rural local governments with the population of up to 1 000,

which is as much as in relatively large rural local governments with the population number of above 4 000.

Planning region	up to 999	1000-1999	2000-2999	3000-3999	4000-4999	5000 and more
Riga region	11	20	12	-	3	9
Vidzeme region	47	50	4	6	1	-
Kurzeme region	37	36	8	1	1	-
Zemgale region	29	33	12	3	5	2
Latgale region	68	44	4	2	-	2
Total in Latvia	192	183	40	12	10	13

Table 3. Breakdown of rural municipalities and rural counties by number of population in planning regions as at the beginning of 2006.

35 counties were established in Latvia until January 1, 2007. 17 counties comprise a town, while 18 counties are consisting of rural municipalities only. The majority of counties comprising a town are situated in Riga region – 7 in total. A slightly smaller number belongs to Latgale region – 5, and in Kurzeme region – 4. There is only 1 county located in Zemgale region with a town as the centre, and there are no such counties at all located in Vidzeme region.

Rural counties or counties, which do not comprise a town, are mostly situated in Riga region – 8 counties, Zemgale region – 4, Vidzeme and Latgale regions – 3 counties in each. There are no counties in Kurzeme region solely consisting of rural local governments.

13 counties have been established by means other than amalgamation – by only renaming the respective local governments as counties and by maintaining the former administrative territory boundaries.

In counties having acquired their status by only renaming the respective local governments as counties the infrastructure for performance of local government functions is sufficiently developed, as well as there are other opportunities for economic development present. 3 towns and 10 rural municipalities were renamed as counties. Largest number of such local governments can be found in Riga region where 11 local governments have been renamed as counties, and the other 2 in Zemgale region. Largest number of local governments that were renamed as counties are in Riga district (8), 2 in Ogre district, and one in each of Tukums, Jelgava and Bauska districts.

Territories of planning regions are comparatively similar as to their size, and the differences between them do not exceed 8 percentage points in percentage of the total size of the country territory. Riga region is the smallest with percentage from the total country territory – 16.2%. Zemgale region is slightly larger. The percentages of the other three regions exceed 20% of the total country territory. Vidzeme region is the largest, occupying 23.6% of the total area of Latvia (see Table 4 and Figure 3).

Planning region	Area, km ²	Share, %
Vidzeme region	15,257.6	23.6
Latgale region	14,547.2	22.5
Kurzeme region	13,600.8	21.1
Zemgale region	10,741.6	16.6
Riga region	10,441.5	16.2
Total in Latvia	64,588.7	100.0

Table 4. Area of planning regions and their percentage of the total country territory as at the beginning of 2006.

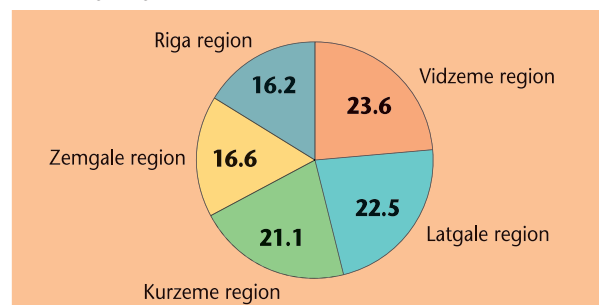


Figure 3. Area percentage of planning regions of the total country territory as at the beginning of 2006.

GOVERNMENT REGIONS

DEMOGRAPHIC SITUATION

For the purposes of this report the following indicators have been used to describe the demographic situation of state administrative territories: number of population and its changes, natural movement and migration, main population age groups and level of demographic burden.

Population

The population of Latvia was 2 million and 294.6 thousand at the beginning of 2006. Planning regions are similar to the territory size, however, larger disparities can be found in terms of population numbers. This is mainly defined by the relatively large population of Riga region.

As of January 1, 2006, almost one half (1 million and 96.9 thousand or 47.8%) of the total population of Latvia lived in Riga region, and 31.7% of the country population or every third inhabitant of Latvia lived in Riga – the capital city. In terms of population numbers disparities between the other four regions are minor, and the percentage of population is from 11% to 16% of the total number of the country population.

Latgale region is the second largest region in Latvia – about 359.8 thousand or 15.7% of all the country population live there. The smallest in terms of population number is Vidzeme region where there are 243.0 thousand inhabitants or one tenth (10.6%) of the total number of inhabitants of the country (see Table 5 and Figure 4).

Planning region	Population	Share, %
Riga region	1,096,948	47.8
Latgale region	359,762	15.7
Kurzeme region	308,433	13.4
Zemgale region	286,408	12.5
Vidzeme region	243,039	10.6
Total in Latvia	2,294,590	100.0

Table 5. Population of planning regions and their percentage of the total country population as at the beginning of 2006.

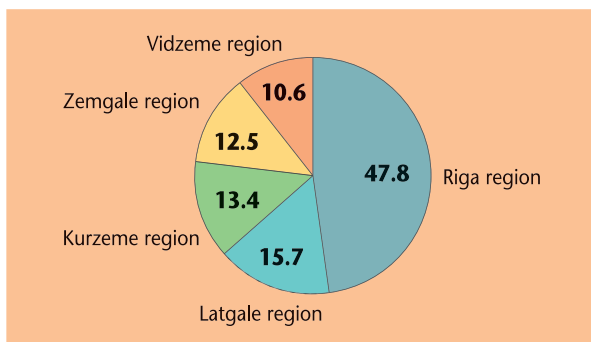


Figure 4. Population percentages of planning regions of the total country population as at the beginning of 2006.

Population density

At the beginning of 2006 the average population density in Latvia was 35.5 people per 1 km². Over a period of five years population density has decreased in proportion to reduction in the number of population – at the beginning of 2002 this figure was 36.3 people per 1 km².

Planning regions are similar to their area, yet different in terms of population numbers, and therefore, also of population density. Riga region mostly stands out with the highest population density – 105.1 inhabitants per 1 km²; population density there exceeds the average population density figure in the country three

times. In other regions this figure is lower than the average for the country. In Zemgale region the figure is 26.7, in Latgale region – 24.7, Kurzeme region – 22.7 people per 1 km², and the lowest population density, however, is found in Vidzeme region – 15.9 inhabitants per 1 km². Vidzeme occupies one fourth of the total area of the country, yet only one tenth of the total population of Latvia lives there. With the cities excluded from the population density estimates of regions, the differences between the regions are considerably reduced (see Table 6 and Figure 5 and 6).

Planning region	Population density	
	total	excluding cities
Riga region	105.1	31.3
Zemgale region	26.7	20.6
Latgale region	24.7	14.8
Kurzeme region	22.7	13.3
Vidzeme region	15.9	15.9
Average in Latvia	35.5	18.4

Table 6. Population density in planning regions at the beginning of 2006, people per km².

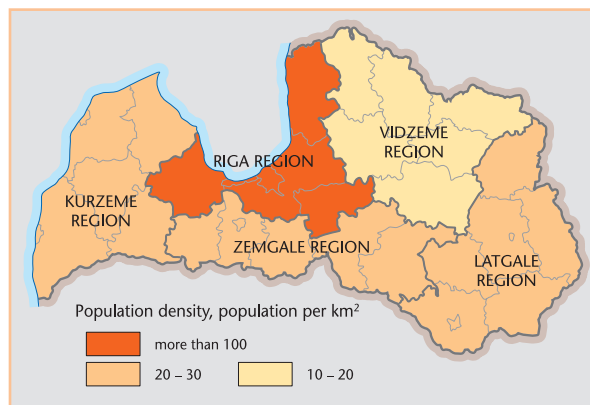


Figure 5. Population density in planning regions at the beginning of 2006.

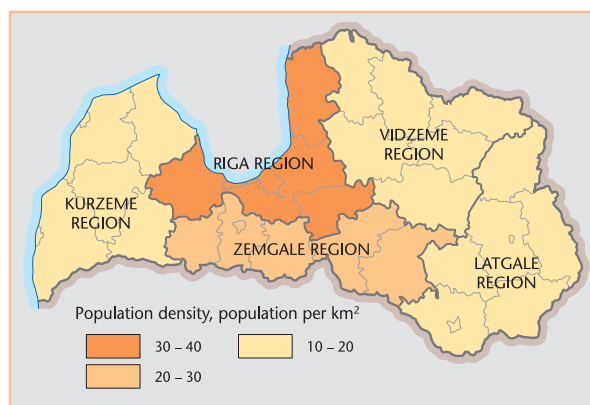


Figure 6. Population density in planning regions at the beginning of 2006, excluding cities.

Population density is closely related to the socio-economic development of regions. The higher the population density figure, the easier it is to ensure the infrastructure of transport and other services, therefore, the population density figures are essential in decision-making regarding territory development issues. Differences in population density figures are related to historically developed settlement and economic structure, and are gradually changing over time, mainly as a result of migration processes.

Regions with the highest percentage of large cities and towns having closer economic links with the rural territories of the region have attracted a larger population increase on account of migration. Population migration flows apply to both cities and adjacent territories. Therefore, higher density figures are present in regions with a higher degree of urbanisation. Most significant differences in terms of population density are not reflected by disparities among the regions, but in the relative population growth in Riga conurbation, and as a result the density here is considerably higher in comparison to the rest of the territory in Latvia. Distribution of population density within the regions is also highly important with the population density in centre of region and in adjacent territories is relatively higher compared to the rest of the region area. Also rural areas and small towns situated beside the main transport roads of state importance are developing as territories with a higher population density.

Distribution of urban and rural population

The distribution of town and rural population characterises the degree of urbanisation of territories, as well as indirectly – the business activities and their structure. Changes in the distribution of urban and rural population may bear evidence about significant structural social and economic processes.

During the period from 2002 to 2006 the number of both urban and rural population has decreased. Within this period of time the distribution or percentages of urban and rural population of the total country population number has not changed considerably. 69.1% of the Latvian population lived in towns and cities (including the rural territory belonging to towns and cities), at the beginning of 2002 and less by half – 30.9%, lived in the country. As of January 1, 2006, these figures were 68.8% and 31.2% respectively. This means that the number of rural population has increased a little, and that the percentage of urban population has decreased.

Urban concentration in regions is typically uneven. At the beginning of 2006 the percentage of urban population of the total population in the regions (including in the urban rural territory) varied from 44% to 85%. The highest percentage of urban population is in Riga region (84.5%), followed by Kurzeme region (63.6%), Latgale region (58.2%) and Zemgale region (49.1%). The lowest percentage of urban population can be identified in Vidzeme region (43.6%), which is half that in Riga region. Therefore, the highest percentage of rural population among regions is in Vidzeme (see Table 7).

Ultra high urban population concentration is characteristic of Latvia, which results in a high degree of urbanisation in Riga region. At the beginning of 2006 there were 727.6 thousand people or 31.7% of the total population of the country living in Riga (7 476.2 thousand or 31.9% at the beginning of 2002).

Ratio of urban and rural population changes differs by region in the period from 2002 till beginning of 2006. The number of urban population has decreased in every region, the percentage, however, has in the five year period decreased only in Riga region (by 1.7 percentage points. The percentage of urban population in other regions has increased as follows: in Vidzeme region – by 0.9, in Kurzeme region and in Latgale region – by 0.6, in Zemgale region – by 0.3 percentage points. Likewise the percentage of rural population of the total population in the regions has decreased in these four regions.

These figures represent a common correlation – the percentage of the city population has decreased or the increase has been less in cities where the percentage of city population from the total population of the region has been higher. And vice versa – the percentage of urban population has increased more in regions where the percentage of city population is smaller or where there are no cities at all (see Figure 7). During the period under review the percentage of population of all cities from the total country population has decreased by 0.1 percentage points, although across regions the sharpest decrease has in the five year period been experienced in Riga region (Riga and Jurmala) – by 1.2 percentage points, in Latgale region (Daugavpils and Rezekne) – by 0.4 and in Kurzeme region (Liepaja and Ventspils) – by 0.1. In some cities the percentage of urban population from the total number of population in the region has increased by 0.1 percentage points (Jurmala, Jelgava and Ventspils).

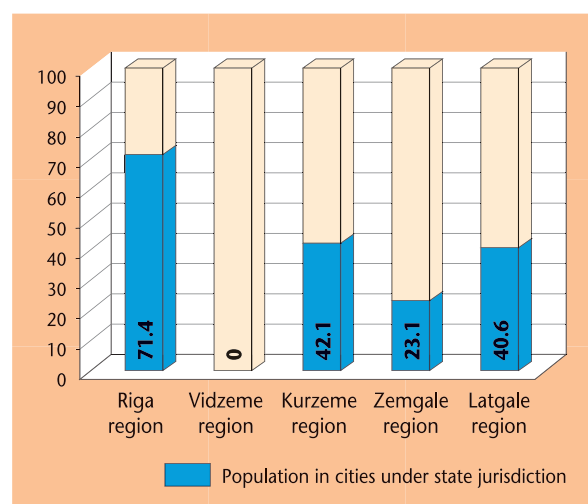


Figure 7. Percentage of population in cities in planning regions as at the beginning of 2006.

Since 2002 there has been a slight, however, permanent reduction in the percentage of urban population from the total country population. Break-down of rural and urban population in Latvia both generally and in each of the regions has been determined by the reduction in the number of population in the large cities. The volume and percentage of population in large cities within the common pattern of population in regions influences the total urban and rural population growth and reduction figures. The larger the city is, the higher its influence on the change dynamics in the pattern of total population in regions. This correlation is particularly sharply reflected in Riga region. Reduction in the number of urban population represents the decrease in the number of people living within the formal boundaries of urban areas. This is taking place along with the general decrease of population in the situation of negative national growth in Latvia as well as due to the population movement for life in sub-urban rural territories that are highly integrated with cities in terms of functionality or functionally even constitute a part of city. Therefore, statistical data may reflect changes in territorial distribution of population, however, they do not reflect the 'expansion' of business environment of cities.

Planning region	2002				2006			
	Urban population		Rural population		Urban population		Rural population	
	Total, thsd	Percent of total population of region	Total, thsd	Percent of total population of region	Total, thsd	Percent of total population of region	Total, thsd	Percent of total population of region
Riga region	953.6	86.2	152.1	13.8	927.4	84.5	169.6	15.5
Vidzeme region	108.0	42.7	144.8	57.3	106.0	43.6	137.0	56.4
Kurzeme region	199.6	63.0	117.5	37.0	196.0	63.6	112.4	36.4
Zemgale region	142.3	48.7	149.7	51.3	140.5	49.1	145.9	50.9
Latgale region	217.6	57.5	160.5	42.5	209.2	58.2	150.5	41.8
In Latvia	1621.1	69.1	724.7	30.9	1579.2	68.8	715.4	31.2

Table 7. Number of urban and rural population and their percentage in planning regions as at the beginning of 2006*

*Population of rural areas of towns are included in the number of urban population. Population of rural areas of counties belonging to the group of towns are not included in the number of population.

Population change

Data of the Central Bureau of Statistics demonstrate that the number of population in Latvia is still declining both in the country in general and in each of the planning regions. At the beginning of 2002 there were 2 million and 345.8 thousand inhabitants in Latvia, while at the beginning of 2006 – 2 million and 294.6 thousand inhabitants. Thus, in the period from the beginning of 2002 to 2006 the number of population in Latvia has in total decreased by 51 thousand inhabitants.

During the period from the beginning of 2002 to 2006 the highest decrease of population could be identified in Latgale region – by 18.4 thousand, and the lowest in Zemgale region – by 5.6 thousand, in Vidzeme region – by 9.7 thousand, in Riga region the number of inhabitants has decreased by 8.8 thousand, in Kurzeme region – by 8.6 thousand (see Table 8 and Figure 8).

During the most recent five years the rate of population decrease has slowed down. In 2001 the number of population in the country has decreased by 0.78%, and in 2005 – by 0.51% from the total number of country population.

Planning region	2002	2003	2004	2005	2006
Riga region	1105.7	1098.1	1098.5	1097.8	1096.9
incl. Riga	747.2	739.2	735.2	731.8	727.6
Jurmala	55.3	55.2	55.5	55.6	55.6
Vidzeme region	252.8	251.7	248.2	245.4	243.0
incl. Valmiera	27.4	27.4	27.5	27.6	27.5
Kurzeme region	317.1	315.6	313.3	310.7	308.4
incl. Liepaja	87.5	87.0	86.5	86.3	85.9
Ventspils	44.0	44.0	44.1	44.0	43.8
Zemgale region	292.0	291.3	290.0	288.2	286.4
incl. Jelgava	65.9	65.8	66.1	66.1	66.1
Jekabpils	27.4	27.2	27.0	26.8	26.7
Latgale region	378.1	374.8	369.2	364.3	359.8
incl. Daugavpils	113.4	112.6	111.2	110.4	109.5
Rezekne	38.1	37.8	37.2	36.8	36.6
Total in Latvia	2345.8	2331.5	2319.2	2306.4	2294.6

Table 8. Population in planning regions at the beginning of 2002–2006, in thousands.

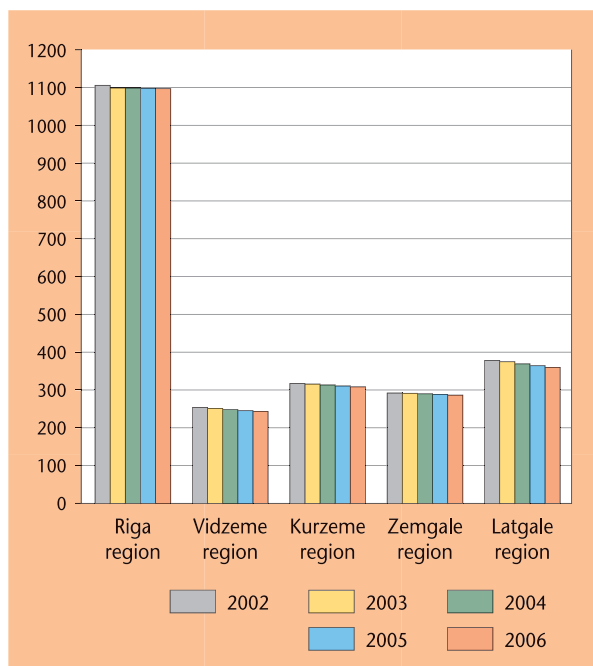


Figure 8. Population dynamics in planning regions at the beginning of 2002–2006, in thousands.

The simplest and most illustrative way to show a decrease or decrease in population would be in real number figures. However, in order to reflect regions losing their inhabitants more rapidly, and those gaining people, a relative indi-

cator is calculated as follows: population change in relation to the number of population as at the beginning of period, expressed in percentage.

During the five year period from the beginning of 2002 till the beginning of 2006 – the sharpest decrease in the number of resident population has taken place in Latgale region – by 5.9%. This process has been somewhat slower in Vidzeme region – by 4.5%, and in Kurzeme region – by 3.4%. The situation has been relatively most favourable in Riga and Zemgale planning regions with a decrease in population numbers by 1.7% and 2.1% respectively (see Table 9 and Figure 9).

Planning region	1997–2002	1998–2003	1999–2004	2000–2005	2001–2006
Riga region	-4.3	-3.9	-3.0	-2.3	-1.7
incl. Riga	-9.2	-9.0	-7.7	-4.5	-3.8
Jurmala	-6.6	-6.9	-5.8	-0.1	-0.2
Vidzeme region	-3.6	-3.5	-3.9	-4.4	-4.5
incl. Valmiera	-5.0	-4.7	-3.8	-0.6	0.2
Kurzeme region	-4.3	-3.5	-3.4	-3.6	-3.4
incl. Liepaja	-11.2	-10.7	-9.4	-3.8	-2.9
Ventspils	-5.8	-5.9	-5.1	0.2	-0.1
Zemgale region	-2.3	-1.8	-1.6	-1.7	-2.1
incl. Jelgava	-7.6	-8.0	-6.8	4.4	2.4
Jekabpils	-4.0	-4.5	-5.0	-3.5	-3.4
Latgale region	-4.8	-4.8	-5.2	-5.5	-5.9
incl. Daugavpils	-3.6	-3.5	-3.7	-4.1	-4.4
Rezekne	-9.0	-8.7	-8.2	-7.2	-5.3
Average in Latvia	-4.1	-3.7	-3.3	-3.2	-2.9

Table 9. Population change in planning regions over five year periods, %.

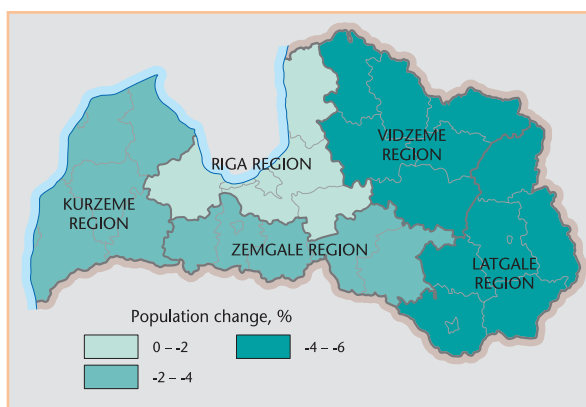


Figure 9. Population changes in planning regions from 2001 till the beginning of 2006.

During the time period from 2002 till the beginning of 2006 the rate of population decrease in the country in general and in three planning regions has fallen. The rate of population decrease has grown in Vidzeme region (by 0.9 percentage points) and in Latgale region (by 1.1 percentage points), furthermore, the rate of population decrease in Latgale region has permanently been the highest.

Natural flow of population

Natural increase is the difference (balance) between the number of people born and the number of people that died over a certain period of time. Natural increase can be also characterised by a coefficient representing the ratio between natural increase (or decrease) and the average number of population within the given year (expressed per 1 000 inhabitants). Population decrease or increase as a result of natural movement is an essential indicator of development in general and for each specific territory, which bears evidence on either positive or negative changes in the pattern of population.

Natural movement in Latvia has a negative balance since 1991. Positive natural growth of population, i.e., when the number of people born exceeds the number of people that have died was last recorded in 1990. In the following years a very sharp fall in the birth rate and increase in mortality rate was expe-

rienced. Natural decrease of population in 1991 was 116 people, by reaching the peak in 1995 – 17 336 people. Number of people that died exceeded the number of people born by 11 280 people in 2005 (see Table 10 and Figure 10).

Planning region	2001	2002	2003	2004	2005	2001–2005
Riga region	-6243	-5209	-4551	-4354	-3794	-24,151
incl. Riga	-4744	-3860	-3231	-3078	-2795	-17,708
Jurmala	-431	-361	-295	-343	-299	-1729
Vidzeme region	-1210	-1238	-1314	-1350	-1276	-6388
incl. Valmiera	-247	-117	-103	-80	-58	-605
Kurzeme region	-1403	-1272	-1218	-1410	-1323	-6626
incl. Liepaja	-524	-433	-400	-297	-309	-1963
Ventspils	-164	-225	-228	-165	-170	-952
Zemgale region	-1375	-1326	-1077	-1243	-1350	-6371
incl. Jelgava	-220	-261	-198	-203	-127	-1009
Jekabpils	-103	-112	-83	-78	-126	-502
Latgale region	-3096	-3409	-3271	-3333	-3537	-16,646
incl. Daugavpils	-615	-710	-728	-635	-764	-3452
Rezekne	-276	-278	-210	-287	-230	-1281
Total in Latvia	-13,327	-12,454	-11,431	-11,690	-11,280	-60,182

Table 10. Natural flow of population in planning regions in 2001–2005, persons.

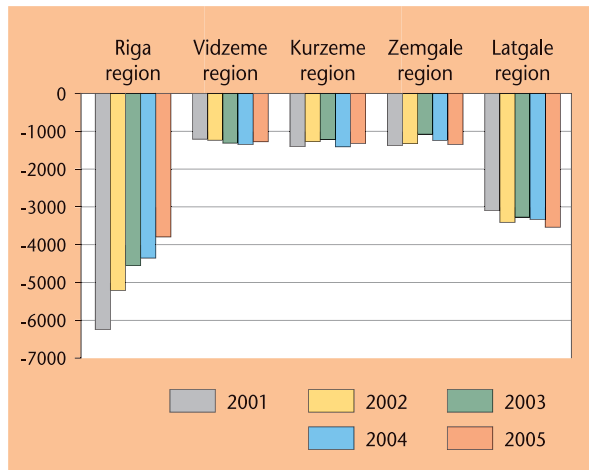


Figure 10. Dynamics of natural flow of population in planning regions in 2001–2005, persons.

Since 2001 Latvia has been displaying an increase in the birth rate. In 2005 the birth rate was the highest in the most recent ten years in the country. 21 497 babies were born in the country in total which is up by 1 163 babies compared to 2004 and by 1 833 babies compared to 2001.

Along with the increase in the number of babies born the relative birth indicator – the number of people born per 1 000 inhabitant. So, the indicator for 2001 was 8.4, and in 2005 it reached 9.3 being the highest number of children born per 1 000 inhabitants in the period from 2001 to 2005.

Aggregate birth coefficient (the average number live births of children, which could be delivered by a woman during her life period by keeping the birth rate of the given year) reached its peak in 2005 (see Table 11). This indicator is slightly above half of the figure required for generation change (2.1 – 2.2).

Year	Live births		Summary birth ratio
	total	per 1000 inhabitants	
2001	19,664	8.4	1.207
2002	20,044	8.6	1.232
2003	21,006	9.1	1.286
2004	20,334	8.8	1.240
2005	21,497	9.3	1.309

Table 11. Birth rate trends in Latvia in 2001–2005.

Over the most recent years the birth rate in Latvia has stabilised; the number of people that died has even decreased slightly since 2001. In 2005 the situation became worse compared to 2004 – the number of people that died increased again (by 1.2 thousand). The number of people who died in 2005 was 32.8 thousand and the overall mortality rate that is calculated as the number of people who died per 1 000 inhabitants was 14.2 (for comparison: 14.0 in 2001, 13.9 in 2002, 13.9 in 2003, 13.8 in 2004).

The number of people who died per 1 000 inhabitants in cities is close to the average figure in the country in total, by being slightly smaller only in Jelgava, Ventspils and Riga (12.3, 12.9 and 13.5 respectively).

The highest mortality rate among regions was in Latgale region (17.5 people per 1 000 inhabitants in 2005), and in terms of the districts of Latvia – in Ludza, Rezekne and Kraslava districts (22.0, 20.3 and 19.6 respectively). In the time period from 2001 to 2005 the mortality rate exceeded the birth rate by 5–6 people per 1 000 inhabitants in Latvia on average each year (see Table 12 and Figure 11).

From 2001 to 2005 the country in general displayed a gradual decrease in the negative natural population flow figure from –5.7 people per 1 000 inhabitants in 2001 to –4.9 people per 1 000 inhabitants. In 2004 the trend is reversed – –5.1 people per 1 000 inhabitants. During the period under review in general positive changes in the natural increase have taken place in Riga region and very little in Kurzeme region, while in other regions these have been either variable or have taken negative direction, i.e., excess of the number of people who died over the people born has increased. The situation is most unfavourable in Latgale region.

Planning region	2001	2002	2003	2004	2005	2001–2005
Riga region	-5.6	-4.7	-4.1	-4.0	-3.5	-22.0
incl. Riga	-6.3	-5.2	-4.4	-4.2	-3.8	-24.1
Jurmala	-7.8	-6.5	-5.3	-6.2	-5.4	-31.2
Vidzeme region	-4.8	-4.9	-5.3	-5.5	-5.3	-25.7
incl. Valmiera	-8.9	-4.3	-3.8	-2.9	-2.1	-22.0
Kurzeme region	-4.4	-4.0	-3.9	-4.5	-4.3	-21.2
incl. Liepaja	-6.0	-5.0	-4.6	-3.4	-3.6	-22.7
Ventspils	-3.7	-5.1	-5.2	-3.7	-3.9	-21.6
Zemgale region	-4.7	-4.6	-3.7	-4.3	-4.7	-22.0
incl. Jelgava	-3.3	-4.0	-3.0	-3.1	-1.9	-15.3
Jekabpils	-3.7	-4.1	-3.0	-2.9	-4.7	-18.4
Latgale region	-8.2	-9.1	-8.9	-9.1	-9.8	-45.1
incl. Daugavpils	-5.4	-6.3	-6.5	-5.8	-7.0	-31.0
Rezekne	-7.3	-7.4	-5.6	-7.8	-6.3	-34.3
Average in Latvia	-5.7	-5.3	-4.9	-5.1	-4.9	-25.9

Table 12. Natural decrease in population in planning regions over 2001–2005, calculating per 1 000 inhabitants, persons.

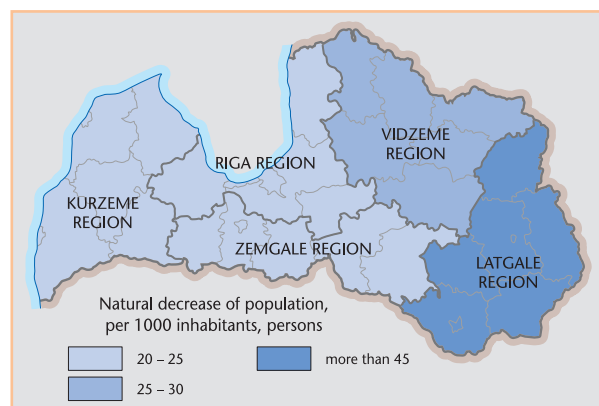


Figure 11. Natural decrease in population in planning regions over 2001–2005, calculating per 1 000 inhabitants.

Demographic data summarised by CSP prove that the Latvian population is still decreasing. Since 1991 the population has decreased both in Latvia in general and in each particular planning region, mainly on the

account of negative natural growth. As the figures of the natural flow of population do not considerably differ from the average figures in Latvia it may be concluded that this is a general situation determined by certain values and socio-economic circumstances.

Decrease in population is differentiated by territory. The decrease in the number of population has been relatively higher in those larger cities of Latvia that are functionally 'expanding' or that are growing beyond their official administrative territorial boundaries – within the process of suburbanisation as well as of integration of urban infrastructure networks with the neighbouring areas of cities. Likewise, gradual decrease in population has been identified in rural territories adjacent to the country border as well as in some remote areas of administrative districts.

Intensity of reduction in population is decreasing in the most recent years. This is slightly being influenced by improved natural flow figures, and mainly by reduction in migration by year 2004 and by some structural changes of migration after 2004. Similarly, the trends for changes in demographic burden in all regions are the trends of the demographic burden decreasing evenly.

There is a relatively rapid increase in the average age figure of the population. Low number of people in the age below the working age is in all regions of Latvia associated with the overall decrease in the birth rate in the country taking place starting with 1991, and this may cause negative consequences that would be felt within the nearest 20-30 years. The number of working population will decrease, while the number of people above the working age will increase, and as a result a considerable increase in the demographic burden can be predicted.

Long-term migration of population

Statistical data on long-term migration are being summarised and published. Pursuant to Recommendations of United Nations long-term migrating population are persons arriving in a certain country for life permanently or for a period equal to or longer than one year as well as persons leaving one country for another country with the purpose of staying there permanently or for one year or longer. This criterion of the length of stay allows distinguishing between long-term migrants and other groups of people crossing the country border – tourists, for example.

Migration is divided into external (inter-country) and internal (within the country). Statistics for migration does not record data on changes in the place of residence of persons within the same town, rural municipality or county.

The difference between the number of people who left and people who arrived constitutes the net migration balance. This figure is considered to be one of the most significant indicators of attractiveness for each territory.

In the last ten years the overall inter-country long-term net migration balance has been negative in Latvia. Amount of emigration flow has stabilised from 2000 when positive trends of development and decrease in the net migration balance were identified. That year and also in the following – year 2001, the number of population in Latvia decreased by above 5 thousand inhabitants as a result of migration, and already by 2002 – by less than 2 thousand. In 2004 there was a slight increase in inter-country migration compared to 2003, but in 2005 inter-country migration was the lowest in the preceding decade. Taking into account the surplus of emigration over immigration, the number of population in our country reduced in 2004 as a result of migration by 1 079 people, while in 2005 – by 564 people (see Table 13 and Figure 12).

	2001	2002	2003	2004	2005
Emigration	6602	3262	2210	2744	2450
Immigration	1443	1428	1364	1665	1886
Net migration	-5159	-1834	-846	-1079	-564

Table 13. Long-term inter-country migration in Latvia in 2001-2005, persons.

In 2005 the number of persons arriving for life permanently or for at least one year from other countries was 1 886 people, i.e., by 443 persons or 30.7%

more than in 2001 and by 13.3% more than one year before. Whereas, the number of persons having left the country as a result of changes in their permanent place of residence reached 2 450 persons, i.e., 4 152 persons or 62.9% less than in 2001 and 294 persons or 10.7% less than in 2004.

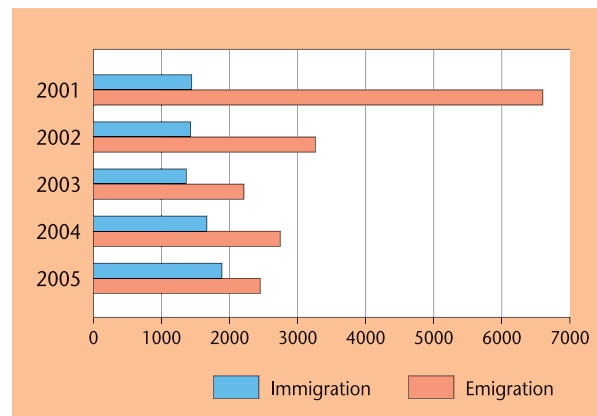


Figure 12. Long-term inter-country migration in Latvia in 2001-2005, persons.

Overall in the period from 2001 to 2005 as a result of inter-country long-term migration the number of population in the country decreased by 9 482 persons.

In the period from 2001 to 2005 the number of inhabitants as a result of both inter-country and inter-regional migration increased in Riga region by 5 267 inhabitants and in Zemgale region – by 302 inhabitants, while in the other three regions it decreased.

In the capital city Riga the number of population as a result of migration decreased over the five year period by 11 341 person, while in the rest of the region there was an increase of 16 608 persons. Increase in the number of population in Riga region as a result of migration was determined by a positive net migration balance in Riga district, Ogre district, Tukums district and Jurmala city. 3 795 persons moved for permanent residence to Riga district in 2005 (for – 809 inhabitants in 2001), 377 to Ogre district, 66 in Tukums district and 298 inhabitants in Jurmala city. The largest migration of population to Riga district has been identified in the last three years with the number of inhabitants increasing in 2003 by 3 902 people, in 2004 – by 3 458 and in 2005 – by 3 795.

In the other four regions of Latvia the net migration balance is highly negative. In the result of migration the number of population in Latgale decreased in 2005 by 1 046 inhabitants, in Vidzeme region – by 1 111 inhabitants, in Kurzeme region – by 917 inhabitants, in Zemgale region – by 395 inhabitants (see Figure 13 and Table 14).

Planning region	2001	2002	2003	2004	2005	2001–2005
Riga region	-3164	-2418	4277	3667	2905	5267
incl. Riga	-4726	-4065	-760	-401	-1389	-11,341
Jurmala	47	189	591	494	298	1619
Vidzeme region	-1086	125	-1466	-1428	-1111	-4966
Kurzeme region	-928	-235	-1003	-1251	-917	-4334
incl. Liepaja	-444	-87	-109	85	-40	-595
Ventspils	314	231	348	52	-41	904
Zemgale region	947	603	-259	-594	-395	302
incl. Jelgava	1629	88	532	251	78	2578
Latgale region	-928	91	-2395	-1473	-1046	-5751
incl. Daugavpils	-457	-90	-650	-217	-133	-1547
Rezekne	-358	1	-344	-138	78	-761
Total in Latvia	-5159	-1834	-846	-1079	-564	-9482

Table 14. Overall long-term net migration in planning regions in 2001-2005, persons.

In the period from 2001 to 2005 net migration balance was constantly negative only in Kurzeme region. In other regions in these five years the migration figure has been variable, although, mainly negative. On the background of

negative net migration balance the number of population has increased due to migration in Zemgale region in 2001 and 2002, in Vidzeme and Latgale regions the migration flow was positive in 2002, and in Riga region – in 2003–2005.

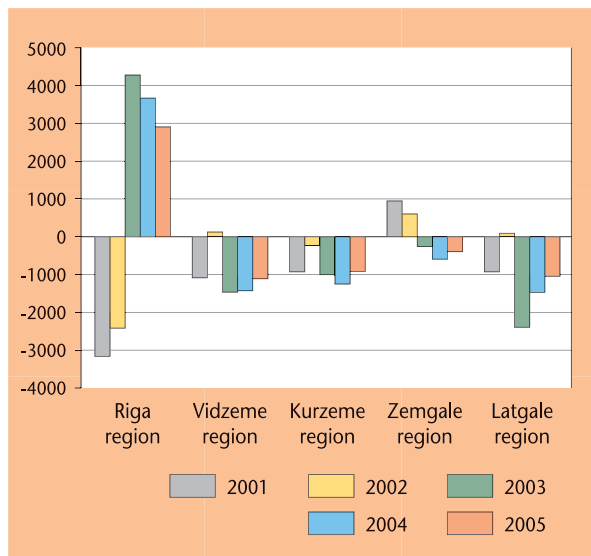


Figure 13. Overall long-term net migration dynamics in planning regions in 2001–2005, persons.

According to CSP data in 2005 the percentage of European Union countries destinations in inter-country migration flow was 60.4%, and the percentage of other countries – 39.6. Whereas, 41.7% of the emigrants from Latvia moved to one of the EU countries, and the rest moved to other countries. 31.2% of the emigrants chose Russian Federation as their country of residence, 10.7% chose Germany, 7.7% – United Kingdom, 6.8% – USA, 5.8% – Ukraine, 4.6% – Belarus, 4.2% – Lithuania, 3.4% – Ireland and 3.0% chose Estonia.

Percentage of children below the age of 14 among immigrants constituted 26.6%, while among emigrants – only 11.1%. Inter-country long-term migration rate is generally decreasing. Estimated per 1 000 inhabitants, the average number of people leaving Latvia in 2001 was 2.2 persons which was the highest migration rate in the preceding five year period. The rate leaving Latvia per 1 000 inhabitants was 0.2 persons in 2005 (see Table 15 and Figure 14).

Planning region	2001	2002	2003	2004	2005	2001–2005
Riga region	-2.9	-2.2	3.9	3.3	2.6	4.8
incl. Riga	-6.3	-5.5	-1.0	-0.5	-1.9	-15.3
Jurmala	0.8	3.4	10.7	8.9	5.4	29.2
Vidzeme region	-4.3	0.5	-5.9	-5.8	-4.6	-20.1
Kurzeme region	-2.9	-0.7	-3.2	-4.0	-3.0	-13.9
incl. Liepaja	-5.1	-1.0	-1.3	1.0	-0.5	-6.8
Ventspils	7.1	5.2	7.9	1.2	-0.9	20.5
Zemgale region	3.2	2.1	-0.9	-2.1	-1.4	1.0
incl. Jelgava	24.7	1.3	8.0	3.8	1.2	39.1
Latgale region	-2.5	0.2	-6.5	-4.0	-2.9	-15.6
incl. Daugavpils	-4.0	-0.8	-5.8	-2.0	-1.2	-13.9
Rezekne	-9.4	0.0	-9.2	-3.8	2.1	-20.2
Average in Latvia	-2.2	-0.8	-0.4	-0.5	-0.2	-4.1

Table 15. Overall long-term net migration balance in planning regions in 2001–2005, calculating per 1 000 inhabitants, persons.

In 2005 the population decrease was 0.51%, of which, as a result of natural flow by 0.49% and as a result of inter-country migration by 0.02%. In 2005 the population decrease was 0.78%, of which, as a result of natural flow by 0.56% and as a result of inter-country migration by 0.22. Within five years the effect of migration on reduction in population numbers decreased by 0.20 percentage points. Reduction in population is more and more being affected by the net natural population flow balance, respectively the effect of migration is decreasing (see Figure 15).

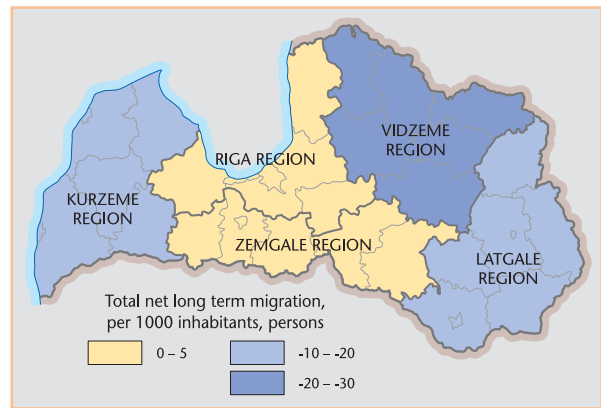


Figure 14. Overall long-term net migration balance in planning regions in 2001–2005, calculating per 1 000 inhabitants.

There is almost no information and surveys available in Latvia on the actual emigration from Latvia, on preliminary statements of intent, time of stay abroad and its effect on the Latvian labour market and regeneration processes of population. Within the framework of a survey developed by the research specialists of the University of Latvia and external experts 'Geographical Mobility of Labour' opinion poll involving population of economically active age was carried out at the end of 2005 and the beginning of 2006.

The main reason for people going for work outside Latvia is the rate of remuneration as it is concluded in the survey. This reason is characteristic of respondents under any age group for both male and female persons. Willingness to go abroad for work has been most often expressed by young people under the age of 24 years with the intent of acquiring experience and language knowledge.

According to the opinion of the research specialists' migration of labour out of Latvia to other countries, mainly to EU member states, is mostly migration without change of permanent place of residence, regardless of the period of leave. The main feature is registered place of residence in Latvia, which is also physically retained (security that there will be a place to come back to). Results of the opinion poll provide clear evidence to fact that the majority of respondents associate their nearest and more distant future with work and life within Latvia.

The level of domestic migration is largely affected by the Law on Declaring Place of Residence. Since the date of the Law taking effect on July 1, 2003, the number of changes of permanent place of residence has almost doubled. In 2005 the number of persons declaring changes in permanent place of residence from one administrative area to another within the country exceeded 54.4 thousand persons (60.5 thousand in 2004).

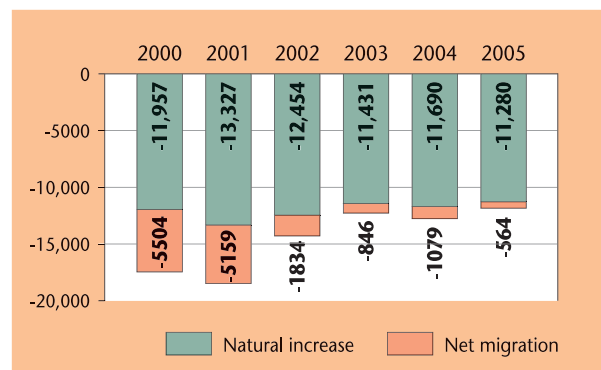


Figure 15. Population changes in Latvia and factors affecting these changes in 2000–2005, persons.

Until 2002 population decrease was considerably affected by the prevalence of inter-country emigration over immigration in Latvia in total and in each of the regions. There have not been and are not any sharp regional disparities in inter-country emigration. Since 2002 the overall amount of inter-country migration has decreased and it is compatible with reduction in the overall rate of population decrease. After accession to the European

Union enhanced migration flow of population labour force has been created. These changes in the structure of population triggered by migration are not reflected in statistical records and, therefore, it is presently not possible to discuss any possible changes in the structure or number of emigrants by region. There are sufficient grounds for believing that by improving labour efficiency, proper management of labour organisation and salary increase the incentives supporting departure would be gone and that the stimulus for returning to Latvia would be enhanced. However, without any changes in the economic situation and migration policy, further intensive emigration is expected.

Disparities in regions are more sharply reflected by internal migration of population. Riga and Zemgale regions are constantly having a positive internal migration balance in relation to other regions in Latvia. Business structure of these two regions determined by high level of business activity and diversity of inter-related cities together with the development of neighbouring territories constitute an attractive environment for seekers of new social and economic opportunities. These two regions are characterised by insufficiently investigated day-to-day flow or pendulum migration evidencing their inter-territorial business links and increase of the mutually complementing economic potential. At the same time the pendulum migration flow may become unfavourable for maintenance of development potential in Kurzeme, Vidzeme and Latgale regions.

Demographic burden

Level of demographic burden characterises the relationship between children and people of retirement age with people of working age, and it is estimated as ratio of the number of persons below and exceeding the age of working ability per 1 000 persons at the age of working ability. The values of demographic burden degree influence the changes that have taken place in re-assessment of retirement age. This is impeding from accurate estimation of changes in demographic structure in Latvia as a whole, however, this indicator is useful for comparative analysis of the regions (see Table 16).

The number of children and adolescents in the age of 0-14 has decreased in the country in general by about 62 thousand people since 2002, and their percentage from the total population has decreased from 16.6% as at the beginning of 2002 to 14.3% as at the beginning of 2006. The lowest percentage of children and adolescents was at the beginning of 2006 identified in Riga region – 13.4% and in Latgale region – 13.8%. In other regions the differences are negligible and vary between 15.6% and 16.0%.

Since 1993 the percentage of children and adolescents in the age structure of population has already been lower than the percentage of population at the age of retirement, and the difference has only been increasing. At the beginning of 2002 it was 6.0 percentage points, and at the beginning of 2006 – 7.0 percentage points. At the beginning of 2006 the number of population per 1 000 people at working age exceeded the number of children and adolescents 1.5 times (at the beginning of 2002 – 1.4 times).

Planning region	2002			2006		
	Under working age	Of working age	Over working age	Under working age	Of working age	Over working age
Riga region	15.1	61.9	23.0	13.4	65.2	21.4
Vidzeme region	19.1	58.5	22.3	15.6	62.8	21.6
Kurzeme region	18.5	59.8	21.8	16.0	63.2	20.8
Zemgale region	18.5	60.3	21.1	15.6	64.2	20.2
Latgale region	16.6	59.9	23.5	13.8	64.0	22.1
Average in Latvia	16.6	60.8	22.6	14.3	64.4	21.3

Table 16. Breakdown of population by groups of age in planning regions as at the beginning of 2002 and 2006, percentage from total population.

There were about 553 children and people of retirement age per 1 000 inhabitants of working age in the country on average in 2006. The highest figure

of demographic burden was in Vidzeme region, and the lowest – in Riga region. Since the beginning of 2002 the level of demographic burden has decreased both in the country in general and in the regions: in Riga region and Kurzeme region – by 13% in each, in Vidzeme, Zemgale and Latgale regions – by 15-16% in each. Compared to the economic processes, the demographic movement has been much more stable and, therefore, these figures in the regions do not differ much year by year (see Table 17, Figure 16 and 17).

Planning region	2002	2003	2004	2005	2006
Riga region	614.8	576.6	565.4	541.5	533.4
Vidzeme region	708.6	657.8	644.5	612.8	593.2
Kurzeme region	672.8	627.2	617.7	593.2	582.4
Zemgale region	657.3	611.0	598.7	571.7	557.6
Latgale region	668.2	619.4	604.3	576.4	561.5
Average in Latvia	646.0	602.9	590.8	565.0	553.4

Table 17. Level of demographic burden in planning regions as at the beginning of 2002-2006.

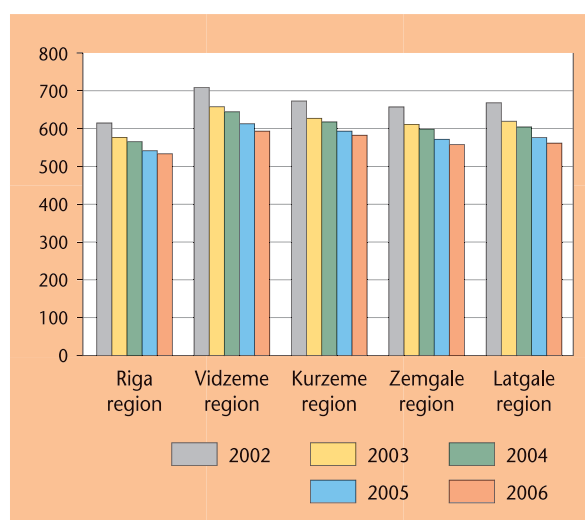


Figure 16. Dynamics of demographic burden levels in planning regions as at the beginning of 2002-2006.

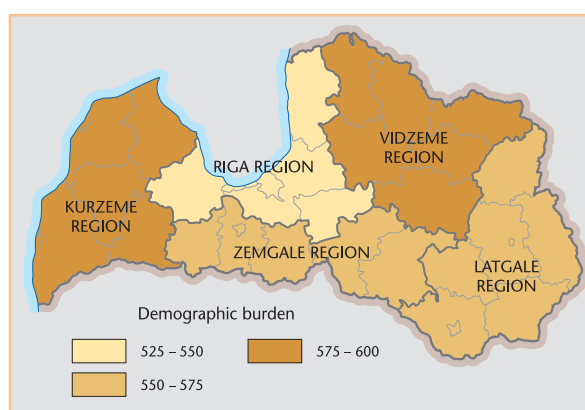


Figure 17. Level of demographic burden in planning regions at the beginning of 2006.

Breakdown of population by gender

Percentage of men and women in the total number of population in the country has not been differing significantly over the last five years. At the beginning of 2006 the percentage of the number of men and women was 46.1% and 53.9% respectively. The largest percentage of men was recorded in Zemgale region (47.1%) and in Vidzeme region (47.0%), while in Riga region it was the lowest (45.2%). In Kurzeme region the percentage of men from the total population was recorded at 46.8% and in Latgale region – at 46.5%.

Estimated per 100 men, the number of women was highest in Riga region (121). This is more than in the country on average (117 women). In Latgale region there are approximately 115 women per 100 men, and in Vidzeme, Kurzeme and Zemgale regions the number of women per 100 men is quite the same – about 113. At the beginning of 2006, compared to the beginning of 2002, prevalence of women over men was reduced a little both in the country overall and in all planning regions (see Table 18).

Planning region	2002	2003	2004	2005	2006
Riga region	121.1	121.4	121.2	121.0	121.0
incl. Riga	124.2	124.7	124.6	124.6	124.8
Jurmala	124.2	123.7	122.6	122.4	121.5
Vidzeme region	112.9	112.9	112.9	112.7	112.8
Kurzeme region	113.8	113.8	113.5	113.4	113.5
incl. Liepaja	120.5	120.9	120.8	120.6	121.0
Ventspils	118.2	118.6	118.2	118.1	118.5
Zemgale region	113.0	112.8	112.6	112.5	112.4
incl. Jelgava	116.8	116.7	117.4	117.7	118.1
Latgale region	114.9	114.9	114.7	114.7	114.9
incl. Daugavpils	121.6	122.1	122.4	122.6	123.2
Rezekne	120.6	121.1	121.3	121.3	121.5
Average in Latvia	117.2	117.3	117.1	117.0	117.0

Table 18. Number of women in planning regions as at the beginning of 2002–2006, calculated per 100 men.

Life expectancy and demographic forecast

Average life expectancy is an indicator of the demographic situation. According to the data of CSP there was a positive trend recorded – increase in life expectancy. In 2005 the average life expectancy period of newborn population was 71.8 years, comprising, 65.6 years for men and 77.4 years for women.

Since 2001 the life expectancy period of the newborn has increased by 0.4 years for men and by 0.8 years for women. At the same time, compared to the data for the preceding year, life expectancy for men decreased in 2005 by 1.5 years for men and increased for women by 0.2 years.

The large difference in life expectancy data between women and men is a significant concern. For men who had reached the age of 60 in 2005 the average remaining life expectancy period is 15.0 years, and for women having reached the same age – 21.8 years.

It is said in the survey made by the Latvian Academy of Science ‘Depopulation Today and Tomorrow’ that ‘Latvia is in deep demographic crisis from which there are no expectations to be relieved in the short term and in the medium term’.

The number of population in Latvia in the beginning of 2007 was 2 281.3 thousand which is down by 13 thousand inhabitants than at the beginning of 2006.

Forecast of demographic development is established by using the data available at the time of forecast preparation on the number of population as of January 1st. Overall in preparing the basic hypotheses, birth rate, mortality rate and population migration data by gender and age have been taken into account. There are no positive tendencies expected to happen in the dynamics of population, and the state needs special programmes for solution of demographic concerns (see Figure 18). New programs must be developed for providing incentives to new families.

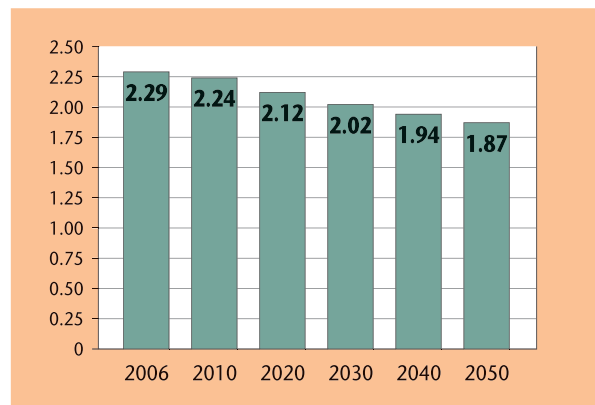


Figure 18. Forecast of Latvian population until 2050, in millions

In Latvia and in each of the planning regions the demographical situation is evaluated as critical. Negative net balance of the natural flow of population, increase in the percentage of elderly people, decrease in the percentage of children and youth, increase in the average age figure of working age population are proofs of gradual reduction in the physical potential of the economic activity of the population. Population age structure is the most significant figure describing not only the demographic situation in a certain region, but is also an indicator of the potential and capacity of socio-economic development. From regional development perspectives it is of particular importance to give a breakdown of population by various age groups as it gives proof to perspectives of employment growth. At the same time the proportion between the number of population under working age and the number of retirement age people describes the trends for change of generations. Relative reduction in demographic burden cannot be treated unambiguously. It is related to both the decrease in birth rate and the increase of retirement age. Differences in demographic indicators among regions are negligible and, therefore, they are representing peculiarities of population structure and development caused by the economic situation which are not largely affected by regional conditions. Problems specific to age structure of population can be explained by the differences in demographic burden at the local government territory level. Comparatively more favourable figures of burden are present in towns and adjacent rural territories. At the same time, the remote areas of administrative districts, particularly in Latgale, Vidzeme and partially in Kurzeme regions are characterised with a relatively high level of demographic burden.

According to the forecast of research specialists from the University of Latvia* decrease in population will up to year 2020 exceed 10 thousand people per year, and after 2020 the number of population will be decreasing in smaller numbers. In Latvia after 2010 rapid aging of working age population will start. Decrease in population in general and in working age population can be expected in all territories, except in Pieriga territory. The most rapid reduction in the number of working age people is expected in Latgale and Riga. The main factor of such decrease will be the negative national growth determined by the insufficient birth rate in order for the change of generations to take place. Forecasts for further years show that the expected continuous decrease in the amount of labour force is faster than decrease in the total number of population. Rapid decrease in the number of younger age group representatives can be assessed as particularly unfavourable for the qualitative composition and growth potential of the labour force. Forecast shows that as a result of structural changes the number of working age population will decrease particularly rapidly and that ageing of population will continue.

*‘Comprehensive Labour Force and Labour Market Survey of National Economy Sectors’, Riga, 2007.

ECONOMIC DEVELOPMENT

The following indicators were used in the report to describe territory economic development which is outlined below in more detail: Gross Domestic Product, non-financial investment, economically active enterprises of the market sector, number of workers in public and private sectors, employment rate, unemployment, individual income tax and territory development index.

Gross Domestic Product

One of the most significant complex indicators describing the level of economic development in regions is Gross Domestic Product (GDP). GDP is the aggregate value of finished products and services made within the territory of a state. CSP, by complying with the requirements of the European Union, is calculating GDP figures for statistical regions, and it is possible later to make calculations for the planning regions respectively. Performing of calculations is a complex procedure, it takes a lot of time, and unlike for other indicators, the results are published after a gap of two years approximately. Currently the GDP data are available for the time period from 2000 to 2004*.

In 2004 the percentage of GDP in Riga region was 67.9% of the total GDP produced in the country, in Kurzeme region – 11.9%, in Latgale region – 7.4%, in Zemgale region – 6.5% and in Vidzeme region – 6.4%. Comparing to the data of 2000, the percentage from the total GDP was increased only in Riga region (by 2.2 percentage points) and in Vidzeme region (by 0.3 percentage points). Contribution to the total GDP of the country by the other three regions has decreased. Percentage of GDP in Latgale region has decreased by 0.5 percentage points, in Zemgale region – by 0.8 percentage points, while the highest decrease in this percentage belongs to Kurzeme region – –1.2 percentage points.

Analysing changes in percentages of GDP in a shorter period of time (in 2003 and 2004) it can be found that share of Riga and Kurzeme regions in the total GDP for the country increased (by 1.6 and 0.1 percentage points, respectively), while in other regions reduced by 0.1 to 0.9 percentage points.

Planning region	2000	2001	2002	2003	2004
Riga region	2785.0	3047.1	3541.8	3854.6	4594.2
incl. Riga	3458.9	3782.2	4470.2	4868.9	5891.6
Jurmala	1206.0	1445.4	1265.8	1250.5	1162.3
Vidzeme region	1126.7	1231.5	1425.0	1645.7	1915.5
Kurzeme region	1938.5	2061.4	2040.4	2412.0	2841.0
incl. Liepaja	1969.3	2179.0	2124.5	3061.3	3698.5
Ventspils	5583.2	4911.0	4164.4	5013.8	5468.3
Zemgale region	1178.4	1271.0	1370.5	1574.1	1661.8
incl. Jelgava	1556.5	1634.5	1638.5	1829.0	2186.4
Latgale region	974.5	1290.5	1189.0	1418.0	1492.9
incl. Daugavpils	1261.8	2058.2	1574.4	1811.7	1859.7
Rezekne	1371.9	1766.2	1927.5	2945.7	2601.2
Average in Latvia	2002.0	2216.5	2462.3	2749.2	3214.5

Table 19. Gross Domestic Product per capita in planning regions in 2000–2004, in Ls.

Riga region is the drive of economic advancement in Latvia. The main role in GDP growth in the region and in GDP growth in the country belongs to Riga city. In 2004 58.1% of the country's GDP was produced in Riga. Similarly with the changes in the percentage of Riga region, also the percentage of Riga city from the total GDP has grown, if comparing 2004 to 2000 (by 2.7 percentage points), and to 2003 – by 2.0.

The role of other cities in the country in the total amount of GDP was not that significant. For example, in 2004 the percentage of Ventspils in the total amount of GDP was 3.2%, Liepaja – 4.3%, Daugavpils – 2.8%, Jelgava – 1.9%,

* Data on Gross Domestic Product (GDP) for 2000–2004 have been re-calculated to meet the requirements of the European Community Regulation No 1889/2002 requirements in regard to financial intermediation services indirectly measured (FISIM), and, therefore, cannot be compared to the data published previously for year 1996–1999.

Rezekne – 1.3%, Jurmala – 0.9%. In the five year period (2000–2004) the GDP percentages of Riga, Liepaja and Rezekne city have increased, while decreasing in other cities.

The average amount of GDP produced in 2004 constituted 3 208.8 lats per capita. The highest GDP was recorded in Riga region – 4,586.1 Ls per capita – much higher than in the country on average. Other planning regions according to GDP per capita may be ranked in a descending order as follows: Kurzeme region (2 836.0 Ls), Vidzeme region (1 912.1 Ls), Zemgale region (1 658.9 Ls) and Latgale region (1 490.2 Ls). By evaluating the situation in the five year period it may be noticed that in the country on average the GDP figure per capita increases every year and increase has been generally recorded in all of the regions, except in Kurzeme and Latgale region the amount of GDP per capita has decreased.

In 2004, compared to 2000, growth of GDP per capita in the country in general was 60.3. The fastest GDP growth per capita has been recorded in Vidzeme region – 69.7% (expressed in actual prices) and in Riga region – 64.7%. In Latgale region this indicator was 52.9%, in Kurzeme region – 46.3%, in Zemgale region – 40.8.

In five cities of the republic GDP per capita increased in the period from 2000 to 2004, while in Ventspils and Jurmala it has decreased (by 124.5 Ls and 45.7 Ls respectively). The largest increase of GDP per capita has been stated in Riga (by 2 422.3 Ls), in Liepaja (by 1 722.7 Ls) and in Rezekne (by 1 224.7 Ls), while in Jelgava – by 626.2 Ls and in Daugavpils – by 594.6 Ls (see Table 19, Figure 19 and 20).

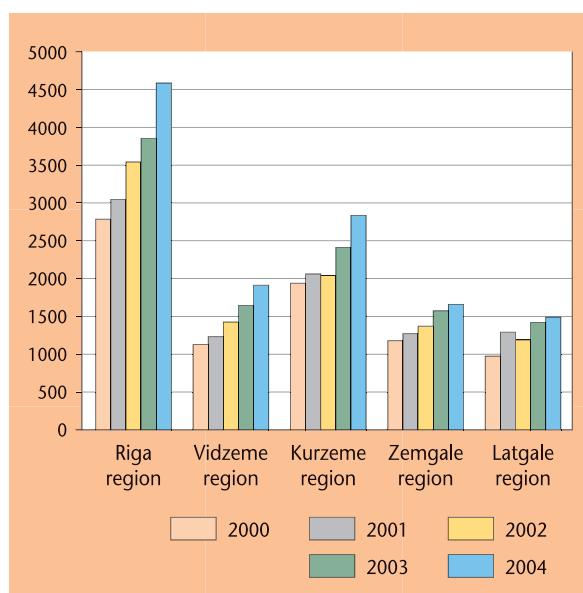


Figure 19. Dynamics of Gross Domestic Product per capita in planning regions in 2000–2004, in Ls.

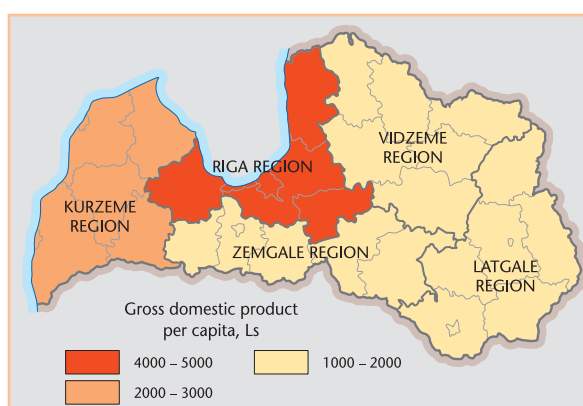


Figure 20. Gross Domestic Product per capita in planning regions in 2004

Compared with the country average, GDP per capita in 2004 in Riga region was 142.9%, Kurzeme region – 88.4%, Vidzeme region – 59.6%, Zemgale region – 51.7%, Latgale region – 46.4%. Percentage of GDP per capita in Riga constituted 183.3% from the average figure in the country in 2004, in Ventspils – 170.1%, in Liepaja – 115.1%. The value of GDP produced in cities of Jurmala (36.2%), Daugavpils (57.9%), Jelgava (68.0%) and Rezekne (80.9%) were short of the average figure in the country (see Table 20 and Figure 21).

By analysing changes in the GDP figure in relation to the average value in the country over a period of five years, it is seen that it has been varying. In 2001 significant GDP growth, compared to the previous year, has been identified in Latgale region. Its figure per capita in relation to the average figure in the country has increased from 48.7% to 58.2%. In 2002 the ratio between GDP in Riga region and the average figure in the country increased by 6.3 percentage points from 137.5% in 2001 to 143.8% in 2002. Compared with 2003, in 2004 the amount of GDP per capita in relation to the average figure in the country had increased only in Riga and Kurzeme regions, while decreasing in other three regions.

Planning region	2000	2001	2002	2003	2004
Riga region	139.1	137.5	143.8	140.2	142.9
incl. Riga	172.8	170.6	181.5	177.1	183.3
Jurmala	60.2	65.2	51.4	45.5	36.2
Vidzeme region	56.3	55.6	57.9	59.9	59.6
Kurzeme region	96.8	93.0	82.9	87.7	88.4
incl. Liepaja	98.4	98.3	86.3	111.4	115.1
Ventspils	278.9	221.6	169.1	182.4	170.1
Zemgale region	58.9	57.3	55.7	57.3	51.7
incl. Jelgava	77.7	73.7	66.5	66.5	68.0
Latgale region	48.7	58.2	48.3	51.6	46.4
incl. Daugavpils	63.0	92.9	63.9	65.9	57.9
Rezekne	68.5	79.7	78.3	107.1	80.9
Average in Latvia	100.0	100.0	100.0	100.0	100.0

Table 20. Gross Domestic Product per capita in planning regions in 2000–2004, in % of the average figure in the country.

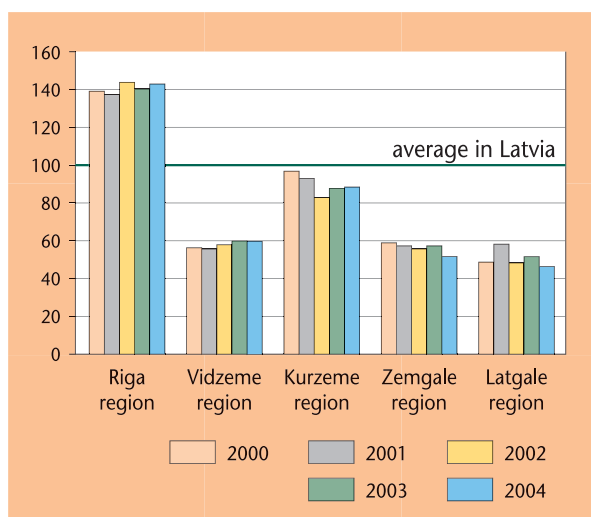


Figure 21. Dynamics of Gross Domestic Product per capita in planning regions in 2000–2004, % of the average figure in the country

Information on total value added by areas of business explains the structure of GDP. Changes in the structure over time provide the opportunity to track the results achieved in areas of national economy.

Assessment of value added includes a sample error as the information is not collected from all enterprises but by random selection, furthermore, it is necessary to comply with confidentiality restrictions. Analysis of CSP data for 2004 show that 4 to 15 business areas, presented by region, are confidential, and it is prohibited to publish data on these areas.

In **Kurzeme** region in 2004 the highest percentage from the total value added belongs to the area of transport, storage and communications – 22.0%. The percentages are considerably high also for processing industry – 20.2%, wholesale and retail trade, maintenance of cars, motorcycles, items of personal use, household appliances and equipment – 16.9%. In five years in Kurzeme region the percentage for transport, storage and communications from the total value added has increased by 9.4 percentage points, the percentage for the processing industry – by 6.6, for agriculture, hunting and forestry – by 4.8 percentage points. In Kurzeme region the percentage of state administration and defence, statutory social insurance (by 1.4 percentage points) as well as of education (by 1.0 percentage points) has increased.

At the same time percentage of wholesale and retail trade, maintenance of cars, motorcycles, household appliances and equipment has decreased by 2.4 percentage points, although, the most significant decrease has been recorded for real estate operations, lease and other commercial activities (by 12.3 percentage points) and financial intermediation services (by 4.8 percentage points).

In **Latgale** region the highest contribution to the total value added in 2004 was provided by wholesale and retail trade, maintenance of cars, motorcycles, household appliances and equipment (14.3%). The aforementioned areas of activity are followed by processing industry (13.6%), transport, storage and communications (9.4%).

For confidentiality reasons in CSP data for 2004 the total value added for agriculture, hunting and forestry in Latgale and Vidzeme region has not been disclosed. In Latgale region the highest percentage for state administration and defence, statutory social insurance in the total value added figure has been recorded (15.4% in 2004). In this particular area of activity the most significant increase has been recorded in 2000–2004 – by 6.9 percentage points. Percentage of education has increased by 5.1, percentage of wholesale and retail trade, maintenance of cars, motorcycles, household appliances and equipment – by 3.2, while percentage of health and social care – by 2.2 percentage points.

The share of transport, storage and communications has decreased considerably – by 17.1 percentage points, percentage of construction – by 5.2 and percentage of processing industry – by 1.6 percentage points.

In **Riga** region one fifth of the total value added for 2004 (20.6%) is made up of wholesale and retail trade, maintenance of cars, motorcycles, household appliances and equipment. Among regions the highest percentage also belongs to real estate operations, lease and other commercial activities (17.8%), the percentage is also considerably high for transport, storage and communications (16.0%) as well as for processing industry (10.6%). Comparing the data of 2000 and 2004, it has to be admitted that no significant changes have been identified in Riga region in the structure of value added. However, increase in the percentage of transport, storage and communications has been registered (by 3.6 percentage points), as well as decrease in real estate operations, lease and other commercial activities (by 2.7 percentage points).

Largest percentage in **Vidzeme** region from the total value added in 2004 belongs to processing industry (21.7%). Percentage of wholesale and retail trade, maintenance of cars, motorcycles, items of personal use, household appliances and equipment is also considerable (14.6%). Agriculture, hunting and forestry constitute 15.2%, transport, storage and communications – 5.2%, education – 8.6% of the total value added. One tenth of value added in the region is made up by percentage of state administration and defence, statutory social insurance. In 2004, compared to 2000, percentage of agriculture, hunting and forestry increased (by 7.6 percentage points), as well as the percentage of state administration, statutory social insurance (by 2.8 percentage points), percentage of wholesale and retail trade, maintenance of cars, motorcycles, household appliances and equipment (by 2.5 percentage points), while percentage of transport, storage and communications decreased (by 8.4 percentage points) together with real estate operations, lease and other commercial activities (by 3.5 points).

In **Zemgale** region, just the same as in Vidzeme region, there is a high percentage of agriculture, hunting and forestry present (in 2003 – 16.1% and the data for 2004, however, are not disclosed for confidentiality reasons), but it has decreased in the four year period by 1.8 percentage points. The processing industry percentage is also high (in 2004 – 17.8%), as well as the percentage of wholesale and retail trade, repairs of cars, motorcycles, items of personal use, household appliances and equipment (13.7%).

Percentage of real estate operations, lease and other commercial activities has increased during 2000–2004 by 2.1, while the percentage of construction – by 1.6 points. Also decrease in the percentage for transport, storage and communications by 3.7 percentage points has also been recorded, decrease in the state administration and defence, statutory social insurance percentage – by 3.8 percentage points. Percentage of education from the total value added constitutes 8.9% (in 2000 – 9.5%).

During the most recent years there has been a constant and rapid increase in the economic growth rate. This brings about also a considerable economic growth risk – inflation accompanied by quite rapid, inflation related price increase. This is reflected in GDP growth. In fact, GDP growth derives in fact from a steep rise in internal demand which is boosted by increase in the amount of lending and raising of EU financial assets. Overall this is seriously affecting economic activity and the rapid GDP growth. Figures of GDP growth in Latvia have been positively influenced by the developing trade and financial sectors, as well as by transport and communications sector. Significant percentage in the total GDP of the state is still represented by real estate operations. The structure of Gross Domestic Product in Latvia corresponds to indications of a modern up-to-date country, except for the role of production in the overall economic structure, as the increase in the sector of industry is seriously lagging behind the total economic growth. Economic growth of Latvia, mainly based on trade and provision of domestic services, is not sufficiently balanced and diversified. For sustainable and balanced economic development of Latvia innovative and export-competitive production is a key component. Its development strengthening is also a significant option for potential balancing in the regions.

Peculiarities of the economic structure are indirectly reflected in disparities of the regions. The current distribution of development centres / jobs, existing infrastructure and human capital determine the main differences in terms of the structure and speed of economic development in region. Riga region by stability and by amount significantly dominates over other regions both by the total amount of GDP and by GDP per capita. The majority of the economic activities taking place in the country is still concentrated in Riga, and the largest increase of GDP in the country is still produced in Riga region. By GDP per capita Kurzeme region occupies second place behind Riga region during the full five year period. It has decreased slightly due to the relative reduction in contribution by Ventspils, although, still remains very high in the scope of Latvia. During the time period from 2000 to 2004 the differences among regions according to GDP per capita produced have slightly increased. GDP per capita in Riga planning region in 2000 twice exceeded the figure in Latgale region, while in 2004 – 3.1 times.

Non-financial investment

Non-financial investments comprise long-term intangible assets, residential buildings, other buildings and constructions, long-term plants, machinery and equipment, other fixed assets and inventory as well as building of capital assets and expenses of unfinished construction and capital repairs. Inflow of investment has been one of the best indicators in assessment of the country's economic growth potential. Amount of non-financial investment per capita in the country on average in 2005 constituted 1 178.7 Ls (including private construction, in actual prices). In Riga region this indicator (1 573.9 Ls) was higher than the average figure in the country, whereas in the other four regions – considerably lower. The lowest amount of non-financial investment per capita was recorded in Latgale region – 598.6 Ls, which is 2.0 times less than in the country on average and 2.6 times lower than in Riga region. The amount of non-financial investment per capita was 1 026.6 Ls, in Zemgale region – 888.0 Ls and in Vidzeme region – 789.4 Ls (see Table 21 and Figure 22 and 23).

During the five year period – from 2001 to 2005, there have been disparities identified in non-financial investment growth rate by regions. The most considerable increase in the amount of non-financial assets in absolute figures is seen in Riga region – by more than 840.4 Ls per capita, besides, the figure of non-financial investment is also the highest in Riga region. The increase in Kurzeme and Vidzeme regions was relatively similar – 529.9 Ls and 500.2 Ls, in

Zemgale region – 668.2 Ls, while in Latgale region the increase has been the lowest – about 390.5 Ls per capita. According to the level of non-financial investment figures in 2001, planning regions can be by the percentage of growth ranked as follows: Zemgale region (304%), Latgale region (188%), Vidzeme region (173%), Riga region (115%) and Kurzeme region (107%).

Planning region	2001	2002	2003	2004	2005
Riga region	733.5	766.5	885.5	1190.9	1573.9
incl. Riga	864.6	884.3	1011.0	1326.5	1733.1
Jurmala	283.8	340.9	589.7	727.1	1460.4
Vidzeme region	289.2	365.6	387.2	597.7	789.4
Kurzeme region	496.7	546.7	620.7	851.7	1026.6
incl. Liepaja	504.0	565.6	640.6	919.2	1188.4
Ventspils	1565.8	1238.4	1475.2	1677.6	1709.8
Zemgale region	219.8	405.0	439.3	588.8	888.0
incl. Jelgava	191.1	278.3	472.1	484.2	959.3
Latgale region	208.1	268.7	329.1	389.2	598.6
incl. Daugavpils	377.4	312.6	396.5	401.6	622.9
Rezekne	139.3	267.4	373.4	471.5	682.2
Average in Latvia	505.0	568.3	652.0	880.2	1178.7

Table 21. Non-financial investment per capita in planning regions in 2001–2005, in Ls.

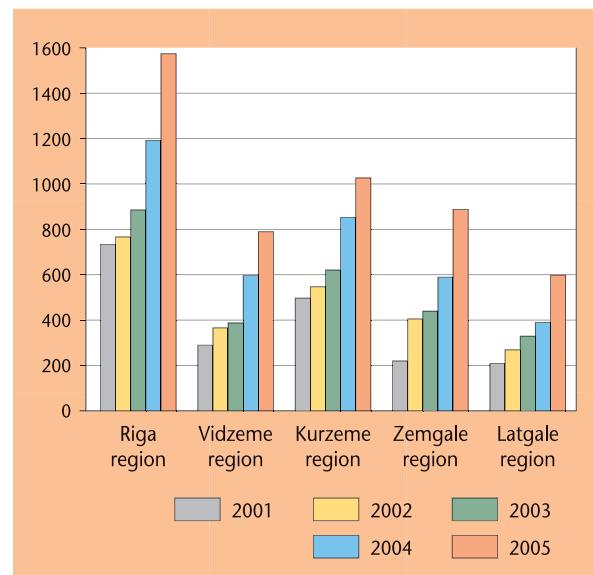


Figure 22. Dynamics of non-financial investment per capita in planning regions in 2001–2005, in Ls.

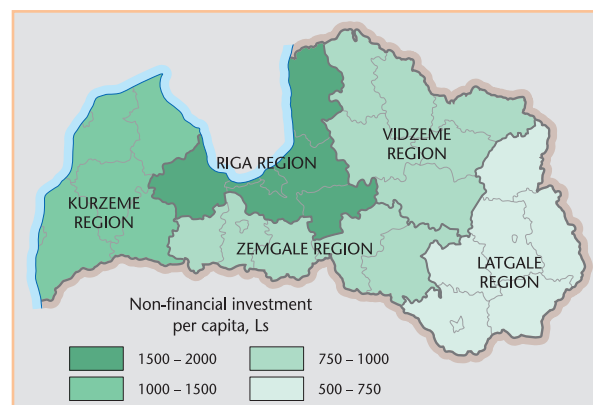


Figure 23. Non-financial investment per capita in planning regions in 2005.

Over a shorter time period, comparing the data for 2004 and 2005, the amount of non-financial investment per capita has increased mostly in Riga region (by Ls 383.0), followed by Zemgale region (by Ls 299.2), Latgale region (by

Ls 209.4), Vidzeme region (by Ls 191.7) and Kurzeme region (by Ls 175.0). Cities of the republic may be according to non-financial investment per capita arranged in descending order as follows: Riga – 1 733.1 Ls, Ventspils – 1 709.8 Ls, Jurmala – 1 460.4 Ls, Liepaja – 1 188.4 Ls, Jelgava – 959.3 Ls, Rezekne – 682.2 Ls, Daugavpils – 622.9 Ls.

Analysing cities of the republic, it can be seen, that the largest amount of non-financial investment per capita in the period from 2001 to 2004 was recorded in Ventspils, whereas in 2005 – in Riga.

Comparing year 2005 to 2001, non-financial investment per capita has increased in all cities of the republic, although, the increase has been most rapid in Jurmala (by 415%), in Jelgava (by 402%) and in Rezekne (by 390%) The lowest increase has been recorded in Ventspils and Daugavpils (by 9% and 65%, respectively). Non-financial investment per capita in Liepaja increased by 136%, whereas in Riga – by 101%.

Regional disparities during the same time period both increased (in 2000 and 2001) and decreased (in 2002 and 2005). The highest figure of non-financial investment per capita in 2005 (in Riga region – 1 573.9 Ls) exceeded the lowest figure (in Latgale region – 598.6 Ls) 2.6 times.

Increase in the amount of non-financial investment in all planning regions is associated with the growth of economic activity in Latvia as a whole. Distribution of finance is not expressly related to differences in development of the regions. Promotion of non-financial investment without application of territorially aimed and differentiated regional policy instruments in Latvia is closely related to the economic and technical infrastructure as created in the preceding decades in residential centres. Therefore, differences remain among regions where the distribution of non-financial investment and the increase in amount is mainly dependent on the economic role, activity and infrastructure of large cities. It is expected that regionally aimed financial investment policy by using the specific growth potential of each particular region in sectors of technologies and production technologies in the nearest years will foster opportunities of balanced growth in each of them.

Economically active enterprises

Included in the number of economically active enterprises and entrepreneurial companies are those individual businesses and business companies (farms, fisheries and self-employed individuals carrying out business activities not included) that were producing goods or providing services independent of whether these were active throughout the period or only for a part of it. In year 2005 there were 55 597 economically active enterprises and entrepreneurial companies in Latvia.

There are vast differences in the percentage of economically active enterprises and entrepreneurial companies from the total number of businesses among the planning regions of the country. In 2005 there were 69.9% of the total number of enterprises and entrepreneurial companies based in Riga region, 9.3% – in Kurzeme region, 7.5% – in Latgale region, 7.0% – in Vidzeme region and 6.6% in Zemgale region. Comparing year 2005 to 2001, the percentage of enterprises and entrepreneurial companies of Riga region has increased in the country by 3.1 percentage points, and decreased by 0.5 – 1.1 percentage points in each of the other regions.

During the period from 2001 to 2005 the number of economically active enterprises and entrepreneurial companies has increased by 14.9 thousand or 36.7% in the country. In Riga planning region the number has increased by 11.7 thousand or 43.1% and by 27.5% in Vidzeme region, by 25.0% in Kurzeme region, by 23.8% in Zemgale region and in Latgale region – by 19.6%.

Comparing the data of 2004 and 2005, the number of economically active enterprises and entrepreneurial companies in Riga region has increased by 2 614 enterprises, and this is more than in the other four regions in total. The number of enterprises in Kurzeme region increased by 478, in Vidzeme region – by 475, Zemgale region – by 298 and by 292 enterprises in Latgale region.

The percentage of cities in the total number of economically active enterprises and entrepreneurial companies is very high – 70.4%.

The percentage of economically active enterprises and entrepreneurial companies in Riga city in 2005 was 57.3% of the total number of enterprises and entrepreneurial companies in the country, the percentage of Daugavpils and Liepaja was 3.1% each, the percentages in Jelgava, Jurmala and Ventspils were 2.1%, 1.8% and 1.6% respectively, although the percentage of Rezekne city was 1.2.

The number of economically active enterprises and entrepreneurial companies per 1 000 inhabitants is a significant figure describing the level of economic activity. This indicator has constantly been increasing in Latvia over the last five year period from 17.3 in 2001 to 24.2 in 2005. Riga region prevails considerably over other planning regions by the number of economically active enterprises and entrepreneurial companies per 1 000 inhabitants with 32.9 enterprises. The number in other regions is 12 – 17 enterprises.

In 2005 there were 43.8 economically active enterprises and entrepreneurial companies per 1 000 inhabitants in Riga on average, in Ventspils – 20.7, Rezekne – 18.5, in Jelgava and Jurmala – 17.9 in each and 15.8 enterprises in Daugavpils.

Within the time period from 2001 to 2005 the number of economically active enterprises and entrepreneurial companies per 1 000 inhabitants has increased by 6.9 thousand on average, of which, by 10.8 enterprises in Riga region and in Vidzeme region – by 3.9, in Kurzeme region – only by 3.7, in Zemgale region – by 2.7 and by 2.4 enterprises in Latgale region. Regional differences by number of economically active enterprises and entrepreneurial companies per 1 000 inhabitants has been increasing year by year: in 2001 the number of economically active enterprises per 1 000 inhabitants was 2.7 times higher in Riga region than in Latgale region, and in 2005 – already 3.1 times higher. The increase rate of economically active enterprises in Riga region was 5 times higher in the five year period than that in Latgale region (see Table 22 and Figure 24 and 25).

Planning region	2001	2002	2003	2004	2005
Riga region	24.5	26.0	28.0	32.9	35.3
incl. Riga	29.6	31.6	34.5	41.0	43.8
Jurmala	16.1	16.1	16.6	17.5	17.9
Vidzeme region	12.0	12.2	13.0	13.8	15.9
Kurzeme region	13.0	13.5	14.0	15.1	16.7
incl. Liepaja	15.8	16.8	17.6	20.2	20.3
Ventspils	17.9	17.9	18.7	22.3	20.7
Zemgale region	10.2	10.5	11.0	11.8	12.9
incl. Jelgava	13.7	14.6	15.6	16.6	17.9
Latgale region	9.2	9.6	10.0	10.6	11.6
incl. Daugavpils	12.8	13.8	14.5	15.3	15.8
Rezekne	15.2	15.9	16.2	17.6	18.5
Average in Latvia	17.3	18.2	19.5	22.3	24.2

Table 22. Number of economically active enterprises and entrepreneurial companies per 1 000 inhabitants in planning regions in 2001-2005.

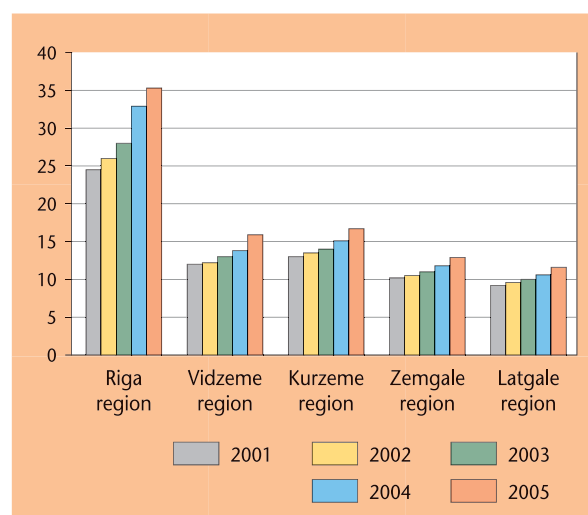


Figure 24. Dynamics of economically active enterprises and entrepreneurial companies per 1 000 inhabitants in planning regions in 2001-2005.

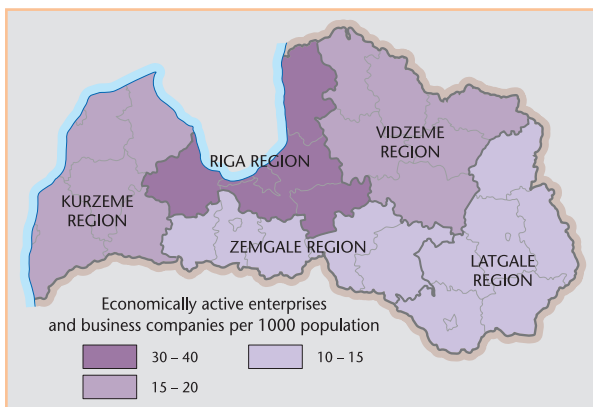


Figure 25. Number of economically active enterprises and entrepreneurial companies per 1 000 inhabitants in planning regions in 2005.

Statistics by Lursoft shows some positive trends in the dynamics of newly registered companies in the last few years. In 2006 there have been 13 404 companies registered, of which, 74.7% were registered in Riga region (10 018 companies), 7.9% in Kurzeme region, 6.6% in Zemgale region, 5.6% in Latgale region and 5.1% in Vidzeme region. According to the total number of companies registered in 2002–2006 planning regions can be ranked as follows: Riga region (34.6 thousand companies), Kurzeme region (4.1 thousand), Zemgale region (3.5 thousand), Latgale region (3.2 thousand) and Vidzeme region (2.9 thousand).

The difference has increased even more between the number of start-up companies in Riga and regions. In Riga planning region, where more than a half of all companies in Latvia are registered, 75% of the new business companies have been established in 2005.

According to the number of companies that have closed down their operations, Riga region is followed by Latgale, then by Kurzeme, Zemgale and Vidzeme regions. In the period of 2002–2006 Latgale region stands out among other planning regions with the smallest number of registered companies, and, however, with the highest number of closed companies (see Table 23 and 24).

Planning region	2002	2003	2004	2005	2006
Riga region	4398	5144	6965	8048	10,018
Vidzeme region	390	499	616	663	686
Kurzeme region	596	714	878	891	1064
Zemgale region	391	678	884	649	883
Latgale region	458	571	764	675	753
Total in Latvia	6233	7606	10,107	10,926	13,404

Table 23. Number of registered enterprises and entrepreneurial companies in planning regions in 2002–2006 (data by LURSOFT).

Planning region	2002	2003	2004	2005	2006
Riga region	1477	1475	2330	3878	1630
Vidzeme region	320	229	398	747	351
Kurzeme region	292	287	691	1174	511
Zemgale region	213	291	588	1199	439
Latgale region	401	621	718	1562	343
Total in Latvia	2703	2903	4725	8560	3274

Table 24. Number of closed down enterprises and entrepreneurial companies in planning regions in 2002–2006 (data by LURSOFT).

In 2005 there were 109 193 statistical units of the market sector* in Latvia, of which, self-employed individuals (40 327 or 36.9%), individual businesses (4 765 or 4.4%), business companies (50 832 or 46.6%), and farms and fisheries (13 269 or 12.2%). Individual businesses and business companies constitute above one half of economically active statistical units of the market sector (50.9%).

* Legal and physical persons mainly selling their own or exclusively their own products or services at a set price which is economically meaningful shall be considered as statistical units of the market sector. Self-employed physical persons, individual enterprises, farms and fisheries, business individuals and business companies qualify for this sector.

According to the number of employees and in conformity with the European Commission Recommendation No 361 of 6 May 2003, economically active statistical market sector units are divided in the following size groups:

- micro, small, medium and large statistical units;
- large units with number of employees exceeding 249 or the net turnover exceeding Ls 33.4 million;
- medium-sized – with number of employees from 50 to 249 or annual turnover up to Ls 33.4 million;
- small units – with number of employees from 10 to 49 or annual turnover up to Ls 6.7 million;
- micro – with number of employees equal to or less than 9 or annual turnover up to Ls 1.3 million.

The number of employees is the main criteria for inclusion in the respective size group, and the turnover or the total balance sheet amount can only change the size group of the statistical unit for a higher one.

In Latvia micro, small and medium-sized companies (SMS) constitute a large share of the national economy and bear a significant role in generating the gross domestic product and employment. In 2005 there were 108 836 economically active statistical units of the market sector in Latvia corresponding to the definition of SMS by considering the number of employees alone.

Micro and small companies constituted 98% and above from the total number of economically active statistical units of the regions of Latvia, the percentage was slightly lower only in Riga region – 97%. Micro enterprises constitute the largest part of the total number of companies both in the country on average (87.8%) and in each of the regions separately. The largest percentage of such companies is in Latgale region – 92.6% (see Table 25).

Planning region	Number	By size groups, %			
		Micro	Small	Medium	Large
Riga region	55,549	83.9	13.1	2.5	0.5
Vidzeme region	13,096	92.4	6.1	1.1	...*
Kurzeme region	13,401	90.0	8.0	1.7	-
Zemgale region	12,689	92.2	6.2	1.3	0.2
Latgale region	14,485	92.6	6.1	1.1	...*
Total in Latvia	109,193	87.8	9.9	1.9	0.3

Table 25. Economically active statistical units of the market sector in 2005 by size groups (actual location of the office).

* Data cannot be published for confidentiality reasons.

The number of small companies in the country in 2005 was 10 832 or 9.9% of the economically active statistical units of the market sector; 13.1% in Riga region, 8.0% in Kurzeme region, and in the other three regions the percentage of small enterprises is similar – 6.0% in each.

The number of medium-size companies in Latvia in 2005 was 2 125 or 1.9%, while the large companies constituted only 0.3% (357 companies) from the total of economically active statistical units of the market sector in the country. 259 large companies or 72.5% are located in Riga region.

Number of economically active business individuals and business companies per 1 000 inhabitants is a significant figure that is indicative of the economic activity levels, although, the number of self-employed individuals, farmsteads and fisheries is an equally significant figure. Therefore, the current EU practice for estimating the number of enterprises per 1 000 people takes account of both business individuals and business companies and self-employed individuals (private individuals), farmsteads and fisheries. This figure in particular has been used for international comparison of economic activity. In 2005 there were 47.5 economically active statistical units of the market sector on average in Latvia.

Estimated per 1 000 inhabitants, the largest number of economically active statistical units of the market sector with the number of employees below 249 (micro, small and medium-sized companies) in 2005 were in Vidzeme region (53.6), followed by Riga region with 50.4 companies, Zemgale region (44.1), Kurzeme region – 43.3 and Latgale region – 40.0. The average number in the country was 47.3 companies (see Table 26).

Planning region	Total	Micro	Small	Medium	Large
Riga region	50.6	42.5	6.6	1.3	0.2
Vidzeme region	53.6	49.6	3.3	0.6	...*
Kurzeme region	43.3	39.0	3.5	0.7	-
Zemgale region	44.2	40.7	2.8	0.6	0.1
Latgale region	40.0	37.0	2.4	0.5	...*
Average in Latvia	47.5	41.7	4.7	0.9	0.2

Table 26. Economically active statistical units of the market sector per 1 000 inhabitants in 2005 by size groups (actual location of the office).

* Data cannot be published for confidentiality reasons.

In 2005 the average number of permanently employed (according to the actual place of work) in the country was 818.2 thousand people. The largest average number of workers was in Riga region (488.3 thousand or 59.7% of the total number of employees in the country), followed by Kurzeme region and Latgale region (11.6% in each), Zemgale region (8.9%) and Vidzeme region (8.2%).

Within five years the number of employees in the country has increased by 106.1 thousand or 14.9%. The growth rate of the number of employees was highest in Riga region where the number of employees increased by 79 thousand. In other regions the growth rate of employees was within the limits of 5-9 thousand. By considering the number of employees in 2001 the largest percentage of growth was in Riga region (by 19.4%), followed by Kurzeme and Zemgale regions (11.0% in each), Vidzeme region (by 8.4%) and Latgale region (6.3%). Latgale region, which is the second largest according to the number of employees, ranks last according to the employee growth rate in the period 2001-2005 among the regions of Latvia (see Table 27).

Planning region	2001*	2002*	2003*	2004	2005
Riga region	409.1	416.0	435.0	462.4	488.3
Vidzeme region	62.1	62.0	62.4	64.3	67.3
Kurzeme region	85.5	86.6	87.1	90.9	94.7
Zemgale region	65.9	66.7	68.6	69.6	72.8
Latgale region	89.5	91.1	91.6	94.2	95.1
Total in Latvia	712.4	722.5	744.7	781.4	818.2

Table 27. Average number of permanently employed in planning regions in 2001-2005 (according to the actual workplaces), in thousands of people

* At the end of the year.

In 2005 65.8% of the total number of the employed (538.4 thousand people) worked in the private sector. Two thirds of all those employed in the private sector were working in Riga region.

The highest percentage of those employed in the private sector was in Riga region – 70.5%, and lowest – in Latgale region with 52.0%. Other regions ranked as follows according to the percentage of those employed in the private sector in 2005: Kurzeme region, Vidzeme region and Zemgale region (see Table 28).

Planning region	2001*	2002*	2003*	2004	2005
Riga region	66.4	66.9	68.3	69.8	70.5
Vidzeme region	54.6	55.7	56.2	58.3	60.3
Kurzeme region	60.7	60.6	62.0	63.2	65.2
Zemgale region	53.1	54.0	55.5	56.7	58.6
Latgale region	46.5	47.1	47.4	51.3	52.0
Average in Latvia	60.9	61.5	62.8	64.7	65.8

Table 28. Average number of permanently employed in private sector in planning regions, 2001-2005 (according to the actual place of work), in %.

Along with the increase in the number of economically active enterprises and entrepreneurial companies in the private sector, the number of those employed in this sector is growing accordingly. From 2001 to 2005 the percentage growth of those employed in the private sector was as follows: in Zemgale and Latgale region – by 5.5 percentage points in each, Vidzeme region – by 5.7, Kurzeme region – by 4.5 and in Riga region – by 4.1 percentage points. In the country on average the percentage of those employed in the private sector from the total number of employees in the period has increased by 4.9 percentage points.

In 2005 the number of employees in Latvia* was 1 035.9 thousand. Within five years the number of the employed has increased by 76 thousand. The largest growth of the number of the employed was seen in Riga region (54.0 thousand), followed by Kurzeme region (by 9.0 thousand), Latgale region (by 6.4 thousand), Zemgale region (by 5.9 thousand) and Vidzeme region (by 0.6 thousand).

Out of the total number of those employed in 2005, 52.2% worked in Riga region, 13.2% – in Latgale region, 12.7% – in Kurzeme region, 11.8% – in Zemgale region and 10.1% – in Vidzeme region.

The highest percentage of the employed in Riga, Vidzeme and Kurzeme regions in 2005 was in the industry and energy sectors (16.9%, 20.1%, 19.9%, respectively, from the total number of those employed), in Vidzeme and Latgale region – in agriculture (21.3% and 19.9%, respectively).

The percentage of those employed in the service sector was 61.3% on average in the country, while higher in Riga region (68.3%). In the other four regions the percentage of the employed in service provision was lower than in the country on average (within the limits of 52%-58%).

The inhomogeneous activity of the population among the regions of Latvia can be explained by the level of employment which is measured as the number of population employed in percent of the total number of population within the age of 15-74 years. Employment rate is highest in Riga region – 61.5%, while lowest in Latgale region – 47.4%.

In other regions the level of employment is 55-57%. In 2005, compared to the data for 2004, the increase in the employment rate was more rapid in Vidzeme region and Zemgale region, slower – in Riga region, in Latgale region, however, it has remained unchanged, while in Kurzeme region it has decreased by 0.7 percentage points (see Table 29).

Planning region	2001	2002	2003	2004	2005
Riga region	55.1	57.4	59.4	60.4	61.5
Vidzeme region	54.8	56.1	53.7	53.9	56.8
Kurzeme region	51.1	52.9	54.9	56.2	55.5
Zemgale region	54.1	54.8	54.0	52.2	54.7
Latgale region	44.6	46.0	46.2	47.4	47.4
Average in Latvia	52.7	54.4	55.4	56.1	57.1

Table 29. Population employment rate in 2001-2005 (according to inspection data of labour force selected at random, individuals within the age from 15 to 74 years).

Although there is a steep growth of national economy taking place in Latvia, vast opportunities to receive the resources from the EU structural funds, and there is an ongoing improvement of business environment and entrepreneurial activity has not yet reached its peak. Development of entrepreneurial activity is closely linked with socio-economic development and is considerably affecting the situation in the labour market and the demand for labour force as it provides for new jobs, development of industries, increase of income for the population, improvement of the quality of goods and services and the living standard of the population. Analysis of the number of economically active enterprises and changes therein provides the basis for drawing conclusions regarding the level of development of entrepreneurial activities, which, in its turn, influences the demand for labour force. The breakdown of the employed by areas of activity evidences growth in the percentage of those employed in the service sector and in construction, whereas the percentage of workers in agriculture, hunting and forestry, as well as in fishing has decreased. In all regions of Latvia enterprises operating in the service industries, including wholesale and retail industry companies, are prevailing. The framework of entrepreneurial areas

* Population employed includes all those individuals in the age of 15-74 years that performed any work during the week of the survey, either for a pay in cash or for remuneration in kind – goods or services. Also those self-employed individuals active in business, rural farmsteads or engaged in professional practice are considered as employed.

of activity has developed a particular structure in the demand for labour force, and in Latvia these are the professions that are mostly required in trade companies.

In the assessment of economically active statistical units according to the size groups it can be found that the highest percentage belongs to micro companies, the percentage of large companies is very small and these are mainly operating in Riga. Entrepreneurial activity according to the number of start-up companies is increasing slowly in Latvia within a period of five years. The percentage of small enterprises from the total number of companies has increased in the country and the regions, while the percentage of large companies remains constant. The current level of development of business activities is explained by regional disparities in availability of financing, purchasing power by the population and insufficient specialisation in conditions of new competition opportunities. Growth of entrepreneurial activity is largely defined by the overall government and EU development policy, availability of resources as well as by special support measures and stability of implementation. Improvement of business-friendly environment, stimulation of human resource development, promotion of new business initiatives and the general risk elimination are the background conditions for the entrepreneurial activity to gradually increase in the medium term in the areas of new business niches and specialities consistent with the regional conditions.

Individual income tax

The amount of individual income tax, estimated per capita, is one of the figures indirectly indicating the level of income and the living standards of population. It is also indicative of the potential for territorial development as it is one of the main sources of state and local government income. Local governments are particularly concerned that possibly larger amounts of individual income tax payments are made, as these payments constitute the highest percentage of revenue in local government budgets. Until 2004 there were 71.6% of the paid amount of individual income tax transferred to the local government budgets, in 2005 local governments received 73%, whereas starting from 1 January 2006 local governments are receiving 75% of the total amount of individual income tax payments. Changes in the distribution of tax payments have been made in order to compensate for the reduction in the revenue amount of local government budget driven by the increase in the minimum limit of non-taxable income.

Amount of collected individual income tax payments constitute more than one half of all of the state revenue (50.4% in 2005).

Total amount of individual income tax payment collections increases in the country year by year. In 2005, compared to 2004, both in the country and in the regions individually, the amounts of collected individual income tax payments increased by 19-21% on average. However, over a five year period the total amount of individual income tax in the country and individually in all regions has doubled.

In Riga region in 2005 individual income tax payments constituted 60.9% of the total in the country, and thus more than in the aggregate amount of the other four regions. In the regions, however, the figures are similar: the share of individual income tax amounts in Kurzeme region was 11.4%, in Zemgale region – 10.1%, in Latgale region – 9.5% and in Vidzeme region – 8.2%. Comparing the regions by percentages of individual income tax amounts in the country in general and taking a look at the changes in these percentages over a five year period the figure explains the differences in growth rate. The percentage of the individual income tax amounts has decreased in Riga and Kurzeme regions (by 1.2 and 0.4 percentage points, respectively), slightly increased in Latgale and Vidzeme regions (by 0.4 percentage points in each), whereas the largest increase has been experienced in the share of Zemgale region (by 0.8 percentage points).

Riga region leads according to the amount of individual income tax paid per capita. In 2005 each inhabitant in Riga region paid an amount of Individual income tax of Ls 205.7 on average. Inhabitants of Latgale region paid 2.1 times less or Ls 97.7, while the inhabitants of Vidzeme, Kurzeme and Zemgale regions paid an amount of about Ls 130.

Individual income tax, estimated per capita, and in consideration of the 2004 rate, has increased in all regions within the five year period. The amounts have been doubled in Zemgale and Latgale regions, the increase in Vidzeme region was 98.8%, in Kurzeme region – 81.3%, whereas in Riga region – by 80.0%.

The amount of individual income tax paid per capita in Riga region considerably exceeded the average figure in the country within the period under review, while the other four planning regions, especially Latgale region, are lying behind (see Table 30 and Figure 26, 27 and 28).

Planning region	2001	2002	2003	2004	2005
Riga region	114.3	127.2	148.0	172.6	205.7
incl. Riga	126.1	139.6	160.3	186.8	224.5
Jurmala	101.6	111.6	139.7	160.9	190.1
rest of region	87.6	100.0	120.1	141.2	164.6
Vidzeme region	62.5	70.3	85.0	103.4	124.3
incl. Valmiera	111.0	120.5	142.0	169.9	199.5
rest of region	56.7	64.1	77.9	95.0	114.7
Kurzeme region	75.4	83.1	96.5	113.3	136.6
incl. Liepaja	82.9	92.0	106.8	127.0	155.7
Ventspils	149.5	149.7	160.7	174.7	208.0
rest of region	54.2	63.0	76.1	91.7	109.9
Zemgale region	65.0	76.1	91.0	109.2	130.8
incl. Jelgava	88.4	105.0	120.7	144.8	169.7
Jekabpils	65.3	71.8	89.3	107.5	125.9
rest of region	57.2	67.2	81.3	97.4	118.2
Latgale region	48.8	55.8	66.1	79.9	97.7
incl. Daugavpils	60.8	73.4	82.6	99.4	120.7
Rezekne	80.3	85.2	100.9	124.1	146.9
rest of region	37.6	41.9	51.9	62.5	77.5
Average in Latvia	86.8	97.2	114.1	134.7	161.5

Table 30. Amount of individual income tax per capita in planning regions, cities, Valmiera and Jekabpils in 2001-2005, Ls.

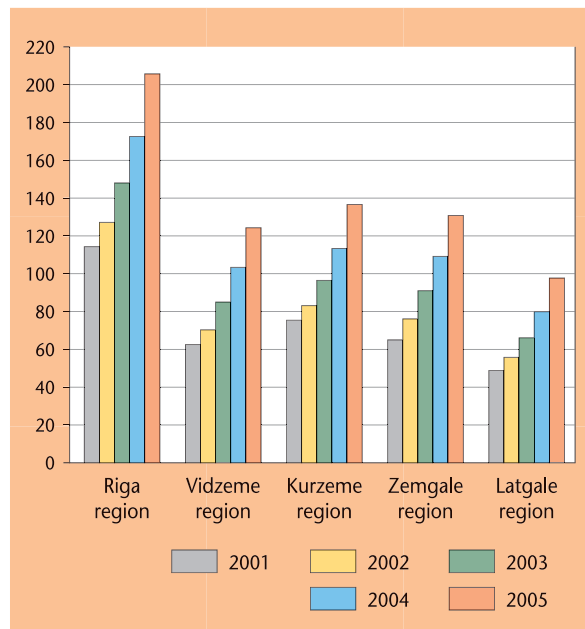


Figure 26. Dynamics of individual income tax payment amounts per capita in planning regions in 2001-2005, in Ls.

Cities of Riga and Ventspils have significantly improved the total figures for both Riga and Kurzeme regions respectively. In 2005 the amount of individual income tax payments was Ls 224.6 per capita, while in Ventspils – Ls 208.0. The impact of other cities on the total figure for the region does not stand out so sharply.

In the territory of Riga region, excluding the cities (Riga and Jurmala), the amount of individual income tax paid per capita is equally exceeding the average figure in the country, and this is due to the contribution of Riga region. In 2005

the number of inhabitants considerably increased in Riga region, and accordingly the amount of individual income tax paid by the place of domicile (Ls 188.4 per capita). Analysing other planning regions with the cities excluded, apart from Valmiera and Jekabpils, it is obvious that the four regions are still lying behind the average figure in the country regarding the amount of individual income tax.

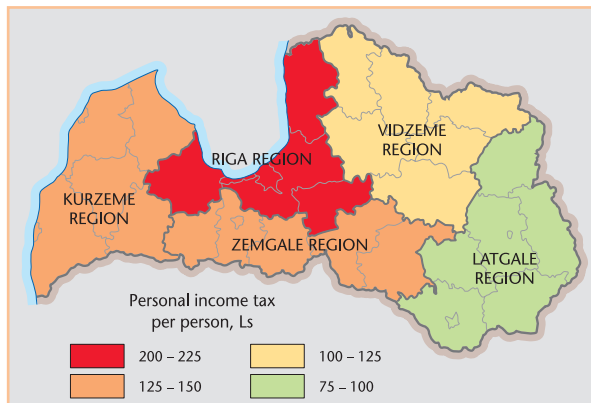


Figure 27. Amount of individual income tax payments per capita in planning regions in 2005.

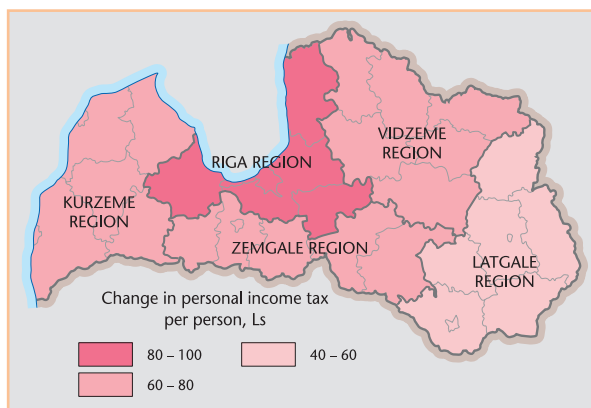


Figure 28. Changes of individual income tax payment amounts per capita in planning regions in 2001-2005.

The average amount of individual income tax per capita in Riga region is approximately 130% of the average figure in the country, while in other regions it is 60-85%. In Riga and Kurzeme regions the ratio between the amount of individual income tax per capita and the average figure in the country for 2005 has decreased compared to 2001, whereas in Vidzeme, Zemgale and Latgale regions it has increased. This means that economic activity growth rate differs by regions. Differences among regions according to the individual income tax amounts are considerably large. In the five year period the regional differences by amount of individual income tax have remained: in 2001 the amount of individual income tax per capita in Riga region was 2.3 times higher than in Latgale region, while in 2005 – 2.1 times higher.

Latgale region as well as Zemgale and Vidzeme regions are the most poor regions among both the regions of Latvia and all the 27 member states of the European Union.

Regional disparities by individual income tax per capita have grown in the five year period which means also an increase in the differences of the population living standards. Differences in the living standards between Riga region and other regions, among the towns – rural, large and other towns, stand out most sharply in the differentiation of individual income tax payments. Furthermore, there are no trends evidenced of these differences becoming smaller. On the contrary, in the five year period the amount of individual income tax payments has increased more intensively in Riga region, in the rest of Latvia it has obviously increased in towns and in the neighbouring rural areas

Processes of migration and pendulum migration are reflecting and enhancing entrepreneurial activities, increase of business potential in the

large cities and in their neighbouring territories. Average figures in regions are still largely affected by the high percentages of the large cities and their capability to influence the links of the neighbouring territory population with the city as a place of work. For a territorially homogenous pattern of improvement in the living standards of the population a territorially differentiated social and economic development policy in the country in general and in each of the regions is necessary with a particular role being assigned to the development centres. Economically substantiated cities – with the development of infrastructure available for integration of the rural areas, support for business activities that are specialised and oriented for competitiveness at a larger scope, may create the necessary pre-conditions for gradual elimination of territorial differences in the income of population.

Unemployment

Unemployment is one of the harshest socio-economic problems in the country, therefore, the unemployment rate is a significant figure in territorial development assessment. Unemployment rate represents the number of the unemployed that are registered with the State Employment Agency as a percentage of the working population. Thus the unemployment rate is estimated for administrative territories at the local government level (towns, rural municipalities, counties), and the unemployment rate which is calculated this way is also used in territory development index estimates*. Deficiency of index lies in the fact that the number of the unemployed not registered is not included. Unemployment should be assessed together with the number of economically active companies, changes in population number and social infrastructure in regions.

At the end of 2005 there were 78 482 unemployed persons registered in Latvia which is less by more than 13 thousand or by 14.4% compared to the end of 2001. The number of the unemployed at the end of 2005 was highest in Latgale region – 24 938, followed by Riga region – 24 409. In other planning regions the number of the unemployed was lower – 10 422 in Kurzeme region, 10 373 in Zemgale region and 8 340 unemployed persons in Vidzeme region. Comparing year 2005 with 2001 the number of the unemployed registered in absolute figures has decreased in all regions.

At the beginning of 2006 the unemployment rate in the country was 5.3%. Unemployment rate was highest at the beginning of 2006 in Latgale planning region (10.8%, 2 times higher than in the country on average), while in Riga region it was the lowest (3.4%, 1.6 times lower than in the country on average). In Zemgale and Vidzeme region the unemployment rate was slightly higher than in the country on average, while in Kurzeme region – equal to the average figure in the country (see Table 31 and Figure 29 and 30).

Planning region	2002	2003	2004	2005	2006
Riga region	3.9	3.9	3.8	3.9	3.4
incl. Riga	3.6	3.6	3.4	3.6	3.2
Jurmala	6.6	6.6	5.9	6.0	4.6
Vidzeme region	6.5	6.2	6.7	6.5	5.5
Kurzeme region	7.0	6.9	7.2	6.8	5.3
incl. Liepaja	10.0	9.7	9.2	8.0	5.8
Ventspils	5.7	5.7	5.8	5.2	4.6
Zemgale region	7.4	6.6	6.7	6.4	5.6
incl. Jelgava	6.7	5.5	5.2	4.8	3.8
Latgale region	12.7	11.9	12.2	12.2	10.8
incl. Daugavpils	8.3	7.6	6.8	7.2	5.1
Rezekne	11.4	10.6	9.7	9.9	8.3
Average in Latvia	6.4	6.2	6.2	6.2	5.3

Table 31. Unemployment rate in planning regions at the beginning of 2002-2006, %.

* In data collections issued annually by Central Bureau of Statistics unemployment rate for cities, regions and statistical regions is calculated as a percentage of the unemployed from the total number of economically active population. As the number of economically active population is lower than the number of working population, the unemployment rate analysed according to the method for assessment used in this survey is lower than published in periodicals of statistics.

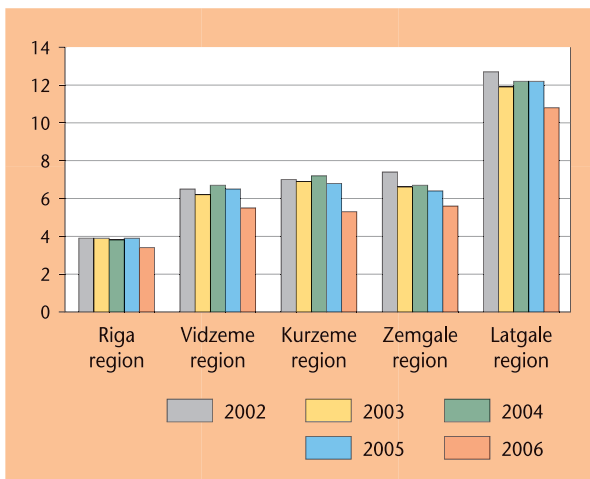


Figure 29. Unemployment rate dynamics in planning regions at the beginning of 2002-2006, %.

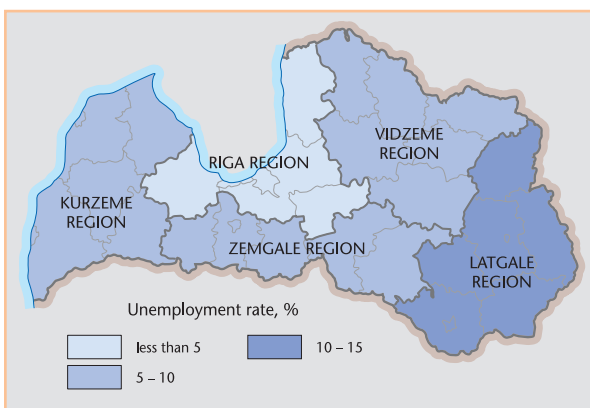


Figure 30. Unemployment rate in planning regions at the beginning of 2006.

There have been little fluctuations in the unemployment rate in planning regions by years. Analysing the variations in the unemployment rate within the five year period it is obvious that the unemployment rate has decreased in all of the regions as follows: in Riga region – by 0.5 percentage points, in Vidzeme region – by 1.0 percentage point, whereas in Kurzeme and Zemgale regions – by 1.7 percentage points in each. The largest decrease in unemployment rate has been seen in Latgale region – by 1.8 percentage points, however, the unemployment rate has been highest in Latgale region in the last five years as well.

Regional differences have remained in this period, and the unemployment rate in Latgale region at the beginning of 2006, similarly as at the beginning of 2002, 3.2 times exceeded the rate of Riga region.

Comparing the unemployment rate as at the beginning of 2006 with the average figure of the four year period (at the beginning of 2002-2005) it is obvious that the largest fall in the unemployment rate was in Kurzeme region (by 1.6 percentage points) and in Latgale region (by 1.4 percentage points). Unemployment rate has decreased also in Zemgale and Vidzeme regions (by 1.1 and 1.0 percentage points respectively) and in Riga region (by 0.5 percentage points). The unemployment rate has fallen by 0.9 percentage points in the country on average (see Figure 31).

Above one half of the registered unemployed are women. In 2005 the number of women unemployed fell by 6.5 thousand, while the percentage from the total number of the unemployed increased from 57.4% at the end of 2001 to 59.9% at the end of 2005, which is by 2.5 percentage points.

Among regions – the highest percentage of unemployed women at the end of 2005 was in Riga region, while the lowest – in Latgale region. In the five year period the percentage of the unemployed women grew in all regions within the limits of 2-4 percentage points, while in Vidzeme region – by 0.6 percentage points only (see Table 32).

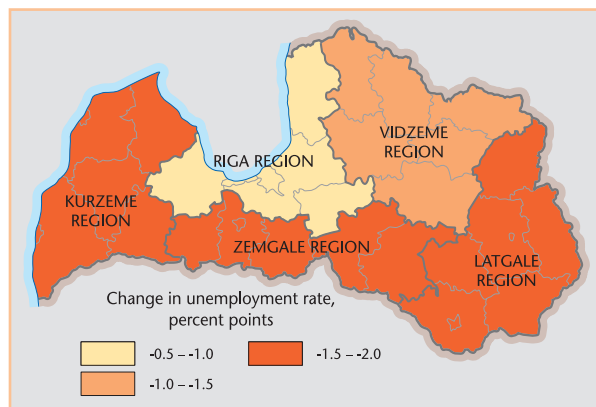


Figure 31. Changes in unemployment rate in planning regions at the beginning of 2002-2006.

Planning region	2001	2002	2003	2004	2005
Riga region	60.3	61.9	62.2	62.6	63.9
Vidzeme region	58.8	59.7	57.9	57.9	59.4
Kurzeme region	58.8	61.1	61.1	60.8	62.0
Zemgale region	58.8	59.9	59.7	60.9	61.2
Latgale region	52.8	53.6	53.4	54.0	54.7
Average in Latvia	57.4	58.7	58.5	59.0	59.9

Table 32. Percentage of women from the total number of registered unemployed in planning regions at the end of 2001-2005.

The number of the registered unemployed has decreased in all planning regions. This is due to the economic growth in Latvia in general, reduction in the number of population and migration of labour force to the EU member states. Indicative of the situation of high economic growth is the fact that there is a shortage of qualified labour force in the labour market of Latvia. Within five years the gap between the group of unemployed and those employed has been enhanced due to the considerably higher level of education outlining the insufficient competencies and experience of a certain part of society given the situation of new labour market demands. The percentage of women from the total number of registered unemployed in planning regions has increased in the five year period at the end of 2001-2005. This is not related to the level of education or the ability to adapt psychologically to the dynamic labour market demands, but most probably by diversification of social roles, higher activity in receiving education, relatively more intensive engagement by men in lower qualified jobs and socially determined higher readiness for mobility of labour. The general trend of development in Latvia is that positive changes in the unemployment rate in towns, rural municipalities and counties in 2006 in relation to the average figures in 2002-2005 have increased in territories for which relatively higher unemployment rates are characteristic, therefore, there is a slow cohesion process going on within similar territory groups (cities, city suburbs, remote rural areas of districts) generally in Latvia.

Territory development index

There is a special development index used in Latvia for describing the socio-economic development of the regions in numbers. Development index for the regions has been estimated on an annual basis since 1999.

Although there is a close link found between the basic indicators of growth in the regions, there may be and are occasions when one of the regions leads according to a particular indicator, while according to another one – others are more advanced. Therefore, a general, synthetic development indicator (index) is useful, which summarises all the above mentioned basic indicators. Development index compares the level of development in the year of assessment, but does not reflect the individual development processes describing how to reach such level.

Regarding development index Riga region has always been an indisputable leader being far ahead of the other regions since 1999 – its development index is 1.003 according to the data of 2005, whereas in all other regions there are varying negative numbers (see Table 33, Figure 32 and 33).

Planning region	2001	2002	2003	2004	2005
Riga region	0.904	0.909	0.975	0.995	1.003
Vidzeme region	-0.759	-0.835	-0.885	-0.895	-0.877
Kurzeme region	-0.300	-0.303	-0.429	-0.428	-0.431
Zemgale region	-0.477	-0.440	-0.469	-0.533	-0.590
Latgale region	-1.270	-1.257	-1.310	-1.339	-1.346

Table 33. Development index of planning regions according to the data of 2001-2005.

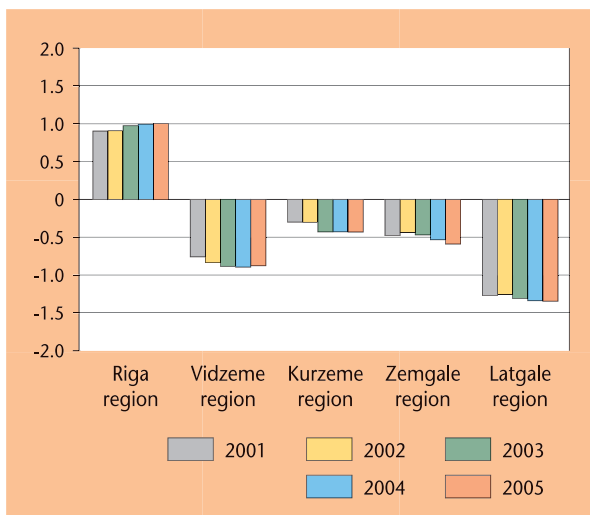


Figure 32. Development index dynamics in planning regions according to the data of 2001-2005.

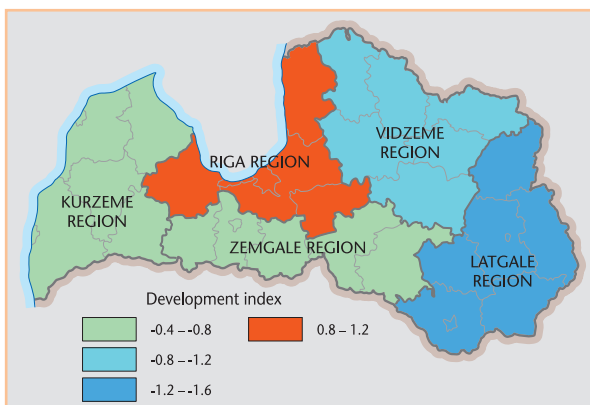


Figure 33. Development index of planning regions according to the data of 2005.

In all eight basic indicators used in calculation of development index Riga region occupies first place during the period under review. Riga region is ranking high in the list due to Riga city as well as the value of gross domestic product per capita of the region.

The picture is quite different with Latgale region which according to six out of eight indicators ranks fifth or occupies the last place, and ranks third only according to demographic burden and population density. It is lagging behind mainly due to the low gross domestic product figure per capita and the very high unemployment rate which is the reason for the low living standards of the population – this is reflected in the amount of individual income tax paid and the poor economic activity. The value of development index in Latgale region by data of 2005 is -1.346.

Kurzeme region ranks second according to the data of 2005 with the development index value being a comparatively small negative number (-0.431), the third – by Zemgale region with only a slightly lower development index (-0.590). Vidzeme planning region ranks fourth – with the development index figure – (0.877). Latgale region occupies the fifth place among the planning regions for which the development index is a relatively large negative figure (-1.346).

Differences in the socio-economic development of the planning regions have increased slightly in the five year period. If the development index of Riga planning

region is compared with the lowest figure – the development index of Latgale planning region, the difference in 2001 was 2.174, while in 2005 – 2.348.

Comparing the figure for 2004 with the average value of development index for the five preceding years, it is obvious that the development index has increased in Riga region only, whereas in the other four it has decreased (see Figure 34).

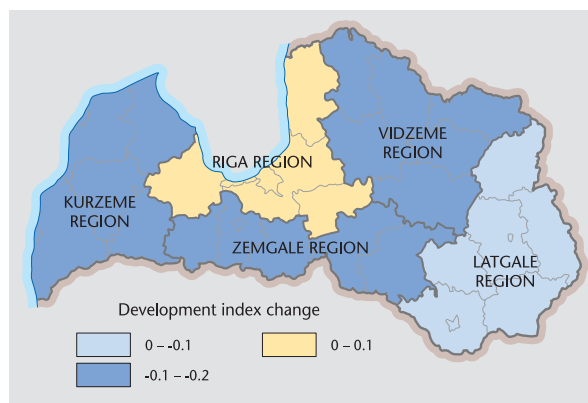


Figure 34. Changes in development index of planning regions according to the data of 2001-2005.

In accordance to the economic development rate dynamics which is, in a complex way, described by the development index the differences among regions have increased in the five year period from 2001 to 2005. These have also increased according to individual indicators included in the index calculations. Riga region stands out particularly among the planning regions. Development here is largely determined by the capital city Riga. In 2005 inhabitants of the capital city (66% of the population in Riga planning region) produced 84% of the GDP in the region. In 2005 73% of all non-financial investment of Riga planning region was concentrated in Riga, as well as 82% of all the economically active enterprises and entrepreneurial companies of the region. 72% of the individual income tax amounts in Riga region were paid by inhabitants of Riga city. GDP per capita in 2000 in Riga region was 2.9 times higher than in Latgale region, while in 2004 – already 3.1 times higher. Differences according to the gross domestic product per capita remained high. In 2001 the number of economically active enterprises per 1 000 inhabitants was 2.7 times higher in Riga region than in Latgale region, and in 2005 – already 3.1 times higher. Although the unemployment rate has decreased significantly in Latvia as a whole, it was still the highest in Latgale, while in Riga region – the lowest. At the beginning of both 2002 and 2006 it was 3.2 times higher in Latgale region than in Riga region. Negligible elimination of the differences has been seen according to the individual income tax figure as well as according to the amount of non-financial investment per capita. In 2001 the amount of individual income tax per capita in Riga region was 2.3 times higher, while in 2005 – 2.2 times higher than in Latgale region. Difference in the amount of non-financial investment per capita after a slight reduction in 2001-2003 has increased in 2004 and decreased again in 2005. The amount of non-financial investment per capita in Riga region in 2005 was 2.6 times higher than in Latgale region. Individual income, generated GDP, non-financial investment is increasing more rapidly in Riga region than in other regions, particularly when compared to Latgale region, thus maintaining the differences in the rate of development among the planning regions.

The figures of development index describing the development rate of local territories have been differentiated in two levels within the scope of Latvia. First of all, at the regional level – where the development of Riga region territories is considerably higher compared to that of other regions. Second, at the level of districts – where the central district towns and their neighbouring territories are better off according to their index figures than more remote territories of the district. In the regional level the value of the Riga region development index is increasing against that of other regions. Whereas, at the district level the index growth is comparatively the highest in territories which previously had lower index values.

DESCRIPTION OF LOCAL GOVERNMENT TERRITORIES OF PLANNING REGIONS

In order to describe the differences among the territories within the scope of each planning region, the regional development index has been calculated for each planning region as a separate territorial group. Calculation has been made for the third year in a row already by using the data for 2003, 2004 and 2005 about towns, counties and rural municipalities as a single group. Average values of indicators within the scope of the planning region that are used in the estimate of each development index have been used as the basis for comparison.

Development index has been estimated by using four indicators available for local governments of both urban and rural municipality groups: unemployment rate, individual income tax per capita, level of demographic burden and differences in the number of resident population over five preceding years.

Within the scope of each planning region the values of the basic indicators used in territory development index estimates of the region are analysed.

Territorial disparities within the scope of each region are analysed separately in urban and local municipality groups by comparing the territories. Basic urban and local municipality indicators are compared to the average figures in all urban and municipality groups of Latvia.

Within the scope of this survey territories have been identified in each of the planning regions that stand out among others by higher or lower values of each particular indicator. These values describe the largest contrasts in urban and local municipality groups, for example, the highest or the lowest unemployment rate, largest or smallest amount of individual income tax payments per capita, differences in the demographic situation etc.

Please refer to Figures and Tables for development index figures of local government territories in planning regions.

KURZEME PLANNING REGION

Unemployment rate

The overall unemployment rate in Kurzeme region as well as in urban and rural areas of the region was almost equal at the beginning of 2006 (5.3%, 5.4% and 5.2% respectively).

Unemployment rate in the towns of Kurzeme region (5.4%) was higher than in towns on average in the country at the beginning of 2006 (4.6%), while unemployment rate in rural municipalities of Kurzeme region – 5.2% on average, was lower than in rural municipalities in the country in general (7.0%).

In the town group of Kurzeme region Grobina, Piltene with its rural territory and Saldus stand out with the highest unemployment rate figures (3.2%, 3.4%, 3.7%, respectively). High unemployment rate has been recorded in Priekule – 10.8% and in Aizpute – 8.0%.

There are 10 rural municipalities in rural municipality group where unemployment rate is below 3%. Unemployment rate was lowest in Kurzeme region at the beginning of 2006 in Zvarde rural municipality of Saldus district – 2.1%, Zira rural municipality of Ventspils district – 2.3% and Jaunlutrini rural municipality of Saldus district – 2.5%. Whereas, highest unemployment rates have been recorded in the following rural municipalities of Liepāja district: Bunka rural municipality (12.7%), Vainode rural municipality (12.1%) and Kaleti rural municipality (11.5%), Virga rural municipality (10.6%) and in Gudenieki rural municipality (10.9%) of Kuldīga district.

Difference between the lowest and the highest unemployment figure in the towns of Kurzeme region in the beginning of 2006 was 3.4 times, while in rural municipalities – 6.0 times (3.9 and 5.9 times in the beginning of 2004, respectively).

Individual income tax

The average amount of individual income tax payments per capita in Kurzeme region in 2005 was Ls 136.6, and almost 90% of the local governments in the region were short of this figure, of which, 13 towns and urban counties and 76 rural municipalities.

The average amount of individual income tax payments per capita in the towns of Kurzeme region in 2005 was Ls 159.2 and Ls 93.0 in rural municipalities, which was lower than the average figure in the towns and rural municipalities in the country – Ls 186.7 and Ls 101.2, respectively. In 2005 the following cities and towns stand out according to the highest individual

income tax payments per capita: Ventspils – Ls 208.0, Grobina – Ls 177.0 and Talsi – Ls 171.0, and in the rural municipality group – Kolka rural municipality of Talsi district – Ls 161.4, Targale rural municipality of Ventspils district – Ls 152.2 and Laidze rural municipality of Talsi district – Ls 140.4. Lowest amounts of individual income tax payments per capita in 2005, the same as in 2004 were recorded in Saka county – Ls 77.2 and in Sabile county – Ls 87.0, and among rural territories – in Turlava rural municipality of Kuldīga district – Ls 42.8 Ls and in Skede rural municipality of Saldus district – Ls 43.1.

In Kurzeme region stratification of population in terms of material welfare still remains. The difference between the highest and the lowest amount of individual income tax paid per capita in 2005 in the towns of Kurzeme planning region was 2.7 times, while in rural municipalities – 3.8 times (3.0 and 4.8 times in 2003, respectively).

Demographic burden

Demographic burden in urban and rural areas of Kurzeme planning region is higher than that in the towns and rural areas in the country on average. In the beginning of 2006 there were 577.9 children and people of retirement age per 1 000 people of working age in the towns, while in towns of the country in general – 539.8. Whereas, the average figure of demographic burden in rural territories of the region (591.1) was closer to the demographic burden figure of all rural municipalities of Latvia – 587.2, respectively.

In the town group of Kurzeme region the figure of demographic burden at the beginning of 2006 was lowest in the towns of Liepāja district – Aizpute (501.6) and Priekule (513.0). In Piltene with rural territory – 507.4, and in Ventspils – 539.8. The highest level of demographic burden has been recorded in Saka county – 684.3 children and people of retirement age per 1 000 people of working age and in Talsi (668.1). Also the amount of individual income tax payments per capita in Saka county is the lowest among the towns of Kurzeme region.

Among rural territories, the figures of demographic burden were lowest in Zvarde rural municipality of Saldus district – 421.8 and Ziras rural municipality of Ventspils district – 425.0.

6 rural municipalities of Kurzeme region were distinguished with the highest level of demographic burden – above 700. Among these are the following: Ivande rural municipality of Kuldīga district with 740.5, Kursi rural municipality of Saldus district with 753.6 and Gaiki rural municipality of Saldus district with 730.9 children and people of retirement age per 1 000 people of working age.

City, town, county, parish	District	Development index			Rank		
		2003	2004	2005	2003	2004	2005
Saldus pagasts	Saldus	1.202	0.983	1.237	2	3	1
Laidze pagasts	Talsi	0.933	0.845	1.077	5	5	2
Ventspils city	-	0.959	1.159	1.033	4	1	3
Pelci pagasts	Kuldīga	0.819	0.916	0.958	7	4	4
Kolka pagasts	Talsi	1.247	1.126	0.715	1	2	5
Medze pagasts	Liepāja	0.107	0.328	0.712	28	13	6
Grobina town	Liepāja	0.455	0.819	0.607	13	6	7
Zīras pagasts	Ventspils	0.894	0.143	0.579	6	19	8
Saldus town	Saldus	0.790	0.696	0.538	8	7	9
Piltene town/r.a.	Ventspils	0.431	0.609	0.522	14	8	10
Targale pagasts	Ventspils	0.762	0.511	0.412	9	9	11
Talsi town	Talsi	0.382	0.473	0.374	17	10	12
Zīriņi pagasts	Saldus	0.215	0.231	0.355	25	14	13
Novadnieki pagasts	Saldus	0.596	0.138	0.284	11	20	14
Puze pagasts	Ventspils	0.232	-0.181	0.238	24	32	15
Nigrande pagasts	Saldus	0.500	0.043	0.235	12	24	16
Kurmale pagasts	Kuldīga	0.273	0.118	0.200	22	22	17
Nīca pagasts	Liepāja	-0.028	0.207	0.170	36	16	18
Grobina pagasts	Liepāja	0.365	0.217	0.161	18	15	19
Roja pagasts	Talsi	0.333	0.193	0.122	19	17	20
Varve pagasts	Ventspils	1.006	0.457	0.115	3	11	21
Liepāja city	-	-0.268	-0.014	0.115	50	27	22
Zvarde pagasts	Saldus	0.064	-0.362	0.041	31	47	23
Lutrīni pagasts	Saldus	0.428	-0.039	0.037	15	28	24
Brocēni novads	Saldus	0.151	-0.155	-0.024	26	30	25
Jaunlutrīni pagasts	Saldus	0.057	-0.046	-0.036	32	29	26
Ugale pagasts	Ventspils	0.313	0.068	-0.057	20	23	27
Otāņi pagasts	Liepāja	-0.242	-0.220	-0.076	49	35	28
Lube pagasts	Talsi	0.125	0.368	-0.113	27	12	29
Mērsrags pagasts	Talsi	-0.166	0.130	-0.114	46	21	30
Vergale pagasts	Liepāja	-0.387	-0.321	-0.130	56	43	31
Ezere pagasts	Saldus	0.387	-0.157	-0.133	16	31	32
Libāgi pagasts	Talsi	0.095	-0.237	-0.167	29	37	33
Pope pagasts	Ventspils	0.611	0.168	-0.240	10	18	34
Zāna pagasts	Saldus	-0.757	-0.695	-0.249	77	61	35
Gavīze pagasts	Liepāja	-0.484	-0.708	-0.291	65	63	36
Vandzene pagasts	Talsi	-0.165	-0.207	-0.315	45	33	37
Valdemārpils town/r.a.	Talsi	0.090	-0.247	-0.340	30	38	38
Gībūli pagasts	Talsi	0.030	-0.223	-0.359	34	36	39
Edole pagasts	Kuldīga	-0.109	-0.315	-0.363	42	41	40
Usma pagasts	Ventspils	-0.040	-0.335	-0.364	38	44	41
Balgale pagasts	Talsi	-0.604	-0.354	-0.365	71	45	42
Dundaga pagasts	Talsi	-0.154	-0.315	-0.395	43	42	43
Zlēkas pagasts	Ventspils	0.309	-0.009	-0.415	21	26	44
Stende town	Talsi	-0.238	-0.517	-0.415	48	53	45
Kursīsi pagasts	Saldus	-0.052	-0.271	-0.438	39	39	46
Kuldīga town	Kuldīga	-0.040	-0.486	-0.439	37	51	47
Gaiķi pagasts	Saldus	-0.171	-0.532	-0.470	47	54	48
Vecpils pagasts	Liepāja	-0.383	-0.499	-0.475	55	52	49
Strazde pagasts	Talsi	-0.164	-0.665	-0.498	44	58	50
Kulciems pagasts	Talsi	-1.101	-0.304	-0.507	84	40	51
Alsunga pagasts	Kuldīga	-0.468	-0.696	-0.533	63	62	52
Virbi pagasts	Talsi	0.038	-0.663	-0.537	33	57	53
Rumba pagasts	Kuldīga	-0.413	-0.409	-0.554	60	49	54
Kabile pagasts	Kuldīga	-0.680	-0.881	-0.572	74	72	55
Ivande pagasts	Kuldīga	-0.390	-0.766	-0.586	57	65	56
Cirava pagasts	Liepāja	-0.581	-1.238	-0.601	68	83	57
Valdgale pagasts	Talsi	-0.335	-0.484	-0.610	53	50	58
Lauciene pagasts	Talsi	-0.404	-0.369	-0.624	58	48	59
Skede pagasts	Saldus	-0.322	-1.003	-0.662	51	76	60
Jurkalne pagasts	Ventspils	-0.453	-0.672	-0.679	62	59	61
Pampali pagasts	Saldus	-0.478	-0.637	-0.684	64	56	62
Uzava pagasts	Ventspils	0.251	-0.006	-0.691	23	25	63
Padure pagasts	Kuldīga	-0.020	-0.217	-0.703	35	34	64
Varme pagasts	Kuldīga	-0.086	-0.682	-0.709	40	60	65
Vadakste pagasts	Saldus	-0.666	-1.316	-0.722	73	85	66
Kalvene pagasts	Liepāja	-0.518	-0.772	-0.759	66	66	67
Saka novads	Liepāja	-1.117	-0.822	-0.763	85	67	68
Durbe novads	Liepāja	-0.610	-0.862	-0.823	72	71	69
Skrunda town/r.a.	Kuldīga	-0.411	-0.859	-0.917	59	70	70
Rucava pagasts	Liepāja	-0.812	-0.842	-0.929	79	68	71
Nepele pagasts	Kuldīga	-0.109	-0.539	-0.953	41	55	72
Ruba pagasts	Saldus	-0.588	-1.054	-0.960	69	77	73
Gramzda pagasts	Liepāja	-0.429	-0.356	-0.966	61	46	74
Aizpute town	Liepāja	-0.751	-1.080	-0.977	76	78	75
Renda pagasts	Kuldīga	-0.334	-1.115	-0.985	52	79	76
Laza pagasts	Liepāja	-0.550	-0.857	-0.988	67	69	77
Dunalka pagasts	Liepāja	-0.978	-1.198	-1.028	82	81	78
Dunika pagasts	Liepāja	-1.152	-1.408	-1.108	87	89	79
Jaunauce pagasts	Saldus	-0.714	-1.380	-1.134	75	88	80
Ance pagasts	Ventspils	-0.377	-0.745	-1.178	54	64	81
Sabile novads	Talsi	-1.134	-0.921	-1.181	86	74	82
Ive pagasts	Talsi	-0.604	-0.921	-1.246	70	73	83
Ranki pagasts	Kuldīga	-1.456	-1.358	-1.258	95	86	84
Aizpute pagasts	Liepāja	-0.900	-0.991	-1.288	81	75	85
Embute pagasts	Liepāja	-1.864	-1.599	-1.352	98	93	86
Priekule town	Liepāja	-1.378	-1.377	-1.493	91	87	87
Laidi pagasts	Kuldīga	-1.268	-1.689	-1.502	89	94	88
Barta pagasts	Liepāja	-1.380	-1.727	-1.526	92	96	89
Turlava pagasts	Kuldīga	-0.800	-1.504	-1.563	78	92	90
Kazdanga pagasts	Liepāja	-1.388	-1.503	-1.607	93	91	91
Nīkrāce pagasts	Kuldīga	-1.091	-1.195	-1.611	83	80	92
Rudbarzi pagasts	Kuldīga	-0.893	-1.691	-1.621	80	95	93
Priekule pagasts	Liepāja	-1.273	-1.471	-1.766	90	90	94
Kaļēti pagasts	Liepāja	-1.699	-1.809	-1.796	97	97	95
Gudenieki pagasts	Kuldīga	-1.498	-1.957	-1.928	96	98	96
Virga pagasts	Liepāja	-1.390	-1.258	-2.019	94	84	97
Bunka pagasts	Liepāja	-1.196	-1.215	-2.117	88	82	98
Vainode pagasts	Liepāja	-1.934	-2.126	-2.243	99	99	99

Table 34. Development index and ranking of towns, rural municipalities and counties of Kurzeme planning region according to data of 2003–2005.

The difference between the highest and the lowest figure of demographic burden amount the towns of Kurzeme region at the beginning of 2006 was 1.4 times, among rural municipalities – 1.8 times (at the beginning of 2004 – 1.6 and 1.7 times, respectively).

Population change

In Kurzeme region from the beginning of 2001 till the beginning of 2006 the number of population has reduced by 11 thousand or 3.4%, whereas in Latvia as a whole – by 2.9%. Negative population changes in the towns of Kurzeme planning region have been slower than in rural municipalities of the region.

Compared to the figures of population change in this period of time in the country it can be seen that in the towns of Kurzeme region the number of population has decreased a little less on average than in the average in the towns of the country in general – by 2.7% and 2.9%, respectively, while the

decrease in number of population in rural territories of the region overall has been higher – by 4.8% and 3.1%, respectively.

Within five years the number of population has decreased in all 16 towns and 75 rural municipalities of Kurzeme planning region.

The highest rate of decrease in population among urban local governments was in Durbe county – by 10.9% and in Sabile county– by 8.5%. In rural areas of Kurzeme region the most remarkable rate of decrease in population of above 10% was recorded in 11 rural municipalities. The largest decrease in population has been monitored in Embute rural municipality of Liepāja district (by 21.6%), Vadakste rural municipality (by 17.2%) of Saldus district and in Pampali rural municipality of Saldus district (by 15.8%).

Increase in the number of population has been monitored in 8 rural municipalities – the rise in the number of population was highest in Medze rural municipality of Liepāja district – by 5.2%, Pelci and Edola rural municipalities of Kuldīga district – by 3.9% and 3.5%, Nīca rural municipality of Liepāja district – by 2.9%.

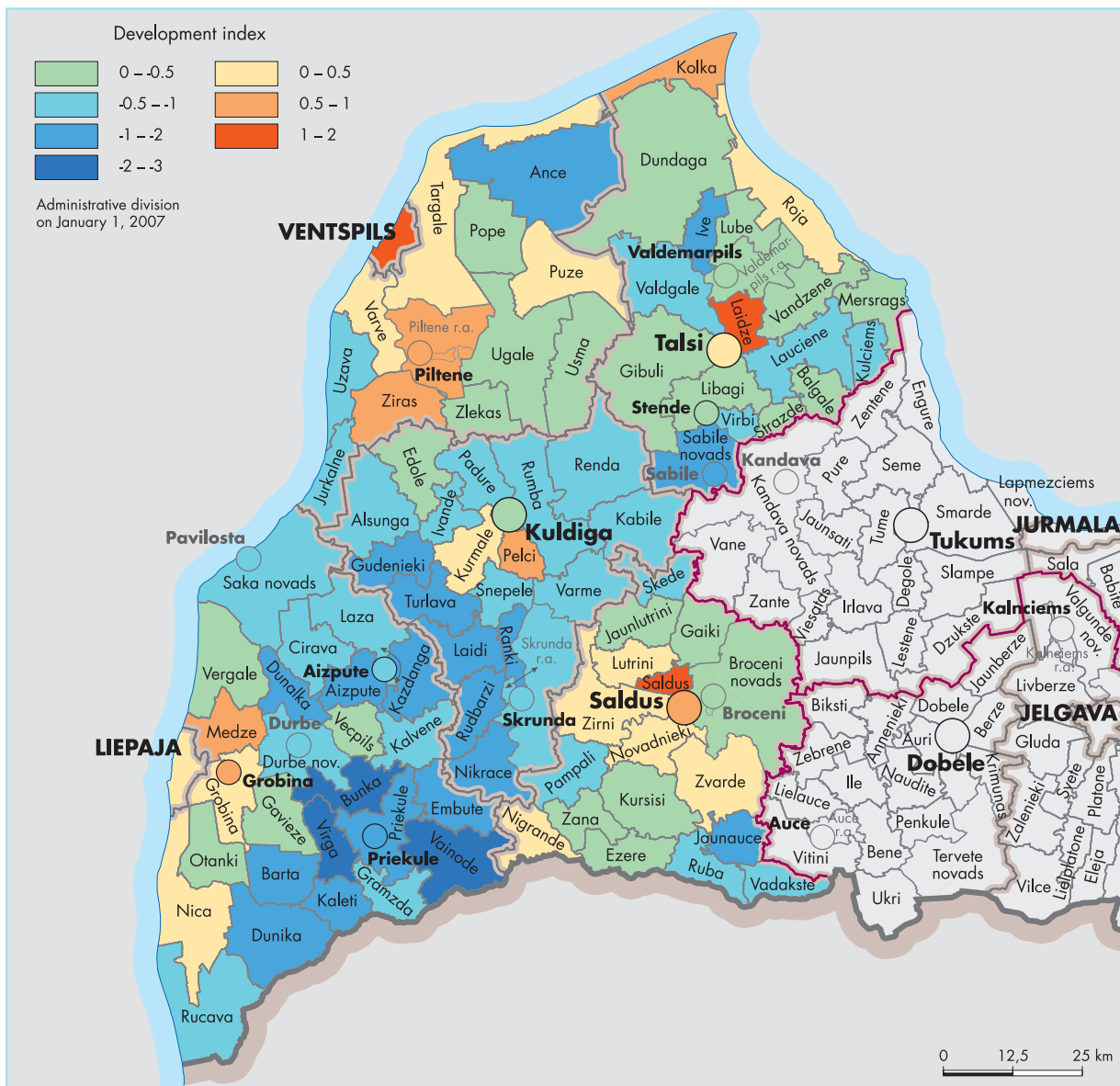


Figure 35. Development index of towns, rural municipalities and counties of Kurzeme planning region according to data of 2005.

Development index of region territories

According to the data of 2005 four rural municipalities and the city of Ventspils are ranking as the first five local governments among local municipality territories of Kurzeme planning region. Development index is the highest in Saldus rural municipality of Saldus district – 1.237, followed by Laidze rural municipality of Talsi district with the index value of 1.077, Pelci rural municipality of Kuldīga district (0.958) and Kolka rural municipality of Talsi district (0.715). Ventspils (1.033) occupies the third place among the first five.

Among the towns of Kurzeme region Grobina ranks 7th, right after Ventspils, the lowest development index is in Priekule (-1.493 and it is ranking 87th). The city of Liepāja ranks 22nd in the list and its development index is a small positive figure.

Overall in 24 out of 99 local governments of Kurzeme region or every fourth local government has a positive development index figure. Local governments with negative development index constitute 76% of the total number of local governments (75 local governments in 2005). The lowest development index figures within Kurzeme region are in the rural municipalities of Liepāja and Kuldīga districts. The last place in the list is occupied according to the data of 2005 by Vainode rural municipality of Liepāja district with development index figure -2.243 (see Table 34 and Figure 35).

Analysing the variations in the local government development index figures and their going up or down in the ranking list over one year period, certain territories can be outlined which are developing at a rate that is quite high, terri-

tories without significant turnaround in their development and territories where there have been some negative trends monitored in comparison to a number of other territories, at least.

In particular those territories may be outlined where development index has transformed from a negative figure into positive. In Kurzeme planning region there are only two such local governments – Nica rural municipality of Liepāja district and the city of Liepāja. Whereas, the change from a positive figure to negative has been recorded in 12 local government territories. There are 2 towns among them – Broceni county and Valdemarpils with the rural territory, as well as 10 rural municipalities in Saldus, Talsi and Ventspils districts.

Comparing the data for 2005 with the data of 2003, Medze rural municipality of Liepāja district stands out in Kurzeme region with a considerable development index rise by increasing the positive index figure and moving upwards respectively in the ranking list (from 25th place to 13th), as well as the town of Grobina (from 13th to 7th).

Zana rural municipality of Saldus district can be likewise mentioned as a positive example for reduction of its negative index and moving up in the ranking list (from 77th to 35th), as well as Vergale rural municipality of Liepāja district (from 56th to 31st), Balgale rural municipality of Talsi district – from 71st to 42nd, Kulciems rural municipality of Talsi district – from 84th to 51st and Kabile rural municipality of Kuldīga district – from 74th to 55th place.

Among the territories with a rapid fall in the development index the following territories have to be pointed out: Varve rural municipality of Ventspils

district (from 3rd to 21st place), Snepele rural municipality of Kuldiga district (41st to 72nd), Padure rural municipality of Kuldiga district – from 35th to 64th place), Ance rural municipality of Ventspils district – from 54th place to 81st, Ezere rural municipality of Saldus district – from 16th to 32nd place and Virbi rural municipality of Talsi district from 33rd to 53rd place.

By reducing the value of development index figure and changing from positive to negative Uzava rural municipality of Ventspils district has fallen from 23rd to 63rd place in the ranking list, Pope rural municipality – from 10th to 34th place, Zlekas rural municipality – from 21st to 44th place.

LATGALE PLANNING REGION

Unemployment rate

Unemployment rate at the beginning of 2006 was 8.3% on average in towns and 15.0% in rural municipalities of Latgale region. Indicators of Latgale region two times exceed those of towns in the country on average (4.6%) and in rural municipalities on average (7.0%).

There is only one among the towns of Latgale planning region with the unemployment rate that is below the average figure of the town group in the region – Daugavpils (5.1%). Unemployment rate in Rezekne was equal to the town group average (8.3%), while in other towns this figure was within the limits of 10.0% to 23.3% – the highest unemployment rate among the towns of Latgale region has been recorded in Slope county. It has been only slightly lower in Vilani – 19.5% and in Karsava – 17.1%.

In rural municipality group the unemployment rate at the beginning of 2005 was lowest in Rudzati rural municipality of Preili district – 5.4%, Berzini rural municipality of Kraslava district – 5.2% and in the following rural municipalities of Daugavpils district: in Kalkune rural municipality (6.0%), Vabole rural municipality (6.6%) and in Laucesa rural municipality (6.8%). Whereas, it was highest in Sokolki rural municipality of Rezekne district – 30.1%, in Pasiene rural municipality of Ludza district – 29.9% and in Baltinava rural municipality of Balvi district – 29.6%. Overall in 99 rural municipalities (parishes) and rural areas of Latgale or in 83% of all rural local governments in the region the unemployment rate was higher than 10%, of which, in 28 it was above 20%.

In the period of 2003–2005 in the town group of Latgale region the largest reduction in the unemployment rate has been recorded in Preili county of Preili district and in Livani county (by 4.3 and 3.4 percentage points respectively), in rural municipality group – in Kepova rural municipality of Kraslava district – by 7.1, Sutri rural municipality of Preili district – by 6.4 and Vecumi rural municipality of Balvi district – by 5.4 percentage points. Unemployment rate has risen in 38 rural local governments.

The difference between the lowest and the highest unemployment rate in the towns of Latgale region has increased from 3.2 times at the beginning of 2004 to 4.6 times at the beginning of 2006, while in rural municipalities of the region – from 5.2 to 5.6 times.

Individual income tax

In both the towns and the rural municipalities of Latgale region the amount of individual income tax payments per capita is lower than in other planning regions of Latvia and overall in the country.

The average amount of individual income tax payments per capita in urban areas of the region in 2005 reached Ls 121.2, in rural municipalities – Ls 61.2 (respectively Ls 186.7 and Ls 101.2 in towns and rural municipalities in Latvia on average).

Among the towns of the region in 2005 the amount of individual income tax payments per capita exceeded the average group figures only in Rezekne, Balvi and Ludza, in the other 11 towns and urban counties, including the city of Daugavpils, the figure was below the average in towns of region. The amount of individual income tax in Daugavpils was Ls 120.7 per capita in 2005 – the lowest figure among the cities of republic.

In the towns of Latgale planning region the highest individual income tax contribution per capita in 2005 were made in Rezekne – Ls 146.9 and in Balvi – Ls 141.7, while the lowest – in Subate and its rural territory – Ls 52.9 and in Zilupe county – Ls 69.4.

Regarding amount of individual income tax per capita in 2005 there were 79 rural local governments in Latgale region or about 66% of the total that did not reach the average figure in rural municipality group within the region. The lowest amount of individual income tax per capita was paid in Bikernieki rural municipality of Daugavpils district – Ls 29.9 and in the following rural municipalities of Kraslava district: Berzini rural municipality – Ls 33.8, Skeltova rural municipality – Ls 34.2, Piedruja rural municipality – Ls 34.3.

There were only two rural municipalities among all rural local governments in Latgale region where the population has paid higher amounts of individual income tax than in all rural municipalities of Latvia on average – Ziguri rural municipality of Balvi district – Ls 117.9 per capita and Veremi rural municipality of Rezekne district – Ls 109.5 per capita. Amount of individual income tax payments per capita in above 40% of rural municipalities in Latgale region constitutes only a half of the average amount paid by rural local governments in the country.

In all local governments of Latgale region individual income tax contributions have increased, although it has to be admitted that this process was inhomogeneous. In 2005, compared to 2003, the largest increase in the amount of individual income tax per capita has been recorded in Rezekne – by Ls 46.0, in Balvi – by Ls 45.7, in Daugavpils – by Ls 38.1 as well as in Veremi rural municipality of Rezekne district – by Ls 41.6, in Nicgale rural municipality of Daugavpils district – by Ls 39.5 and in Izvalta rural municipality of Kraslava district – by Ls 39.2.

In 86 rural local governments the individual income tax contributions have increased by Ls 7 to Ls 25 per capita, while in 34 local governments – by Ls 25 to Ls 42.

The difference between the highest and the lowest amount of individual income tax per capita paid has fallen in the towns of Latgale region from 4.8 times in 2003 to 2.8 times in 2005, whereas in rural municipalities from 6.0 to 3.9 times, respectively.

Demographic burden

There are vast differences among the town group and the rural municipality group in Latgale region according to levels of demographic burden. In the town group the level of demographic burden is lower by 120 people than in the rural municipality group.

In the beginning of 2006 in the towns of Latgale region there were 517.2 children and people of retirement age on average per 1 000 people of working age, therefore, being considerably lower than the average indicator in towns across the country (539.8). This was also the lowest figure among the town groups of all planning regions of Latvia. Whereas, in rural municipalities of Latgale region the average level of demographic burden (635.7) was the highest among all rural municipality groups of all regions and, respectively, also higher than the average level of demographic burden in rural territories of the country.

In the town group the level of demographic burden was lowest at the beginning of 2006 in Balvi – 492.9 and in Daugavpils – 501.3, highest – in Karsava – 671.1 and in Subate with the rural territory – 665.3.

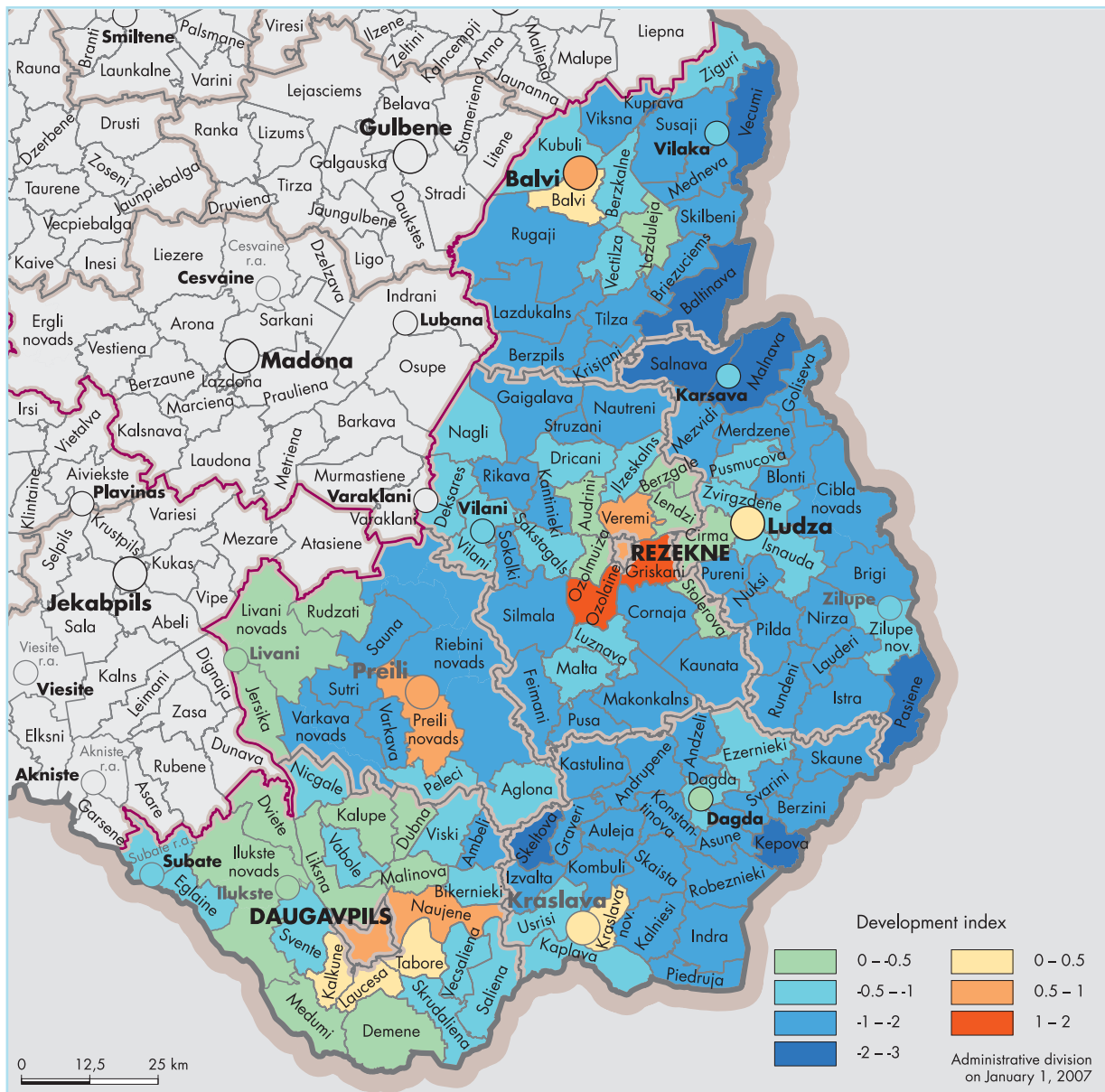


Figure 36. Development index of towns, rural municipalities and counties of Latgale planning region according to data of 2005.

Among rural local governments of Latgale planning region the level of demographic burden was lowest in two rural municipalities of Balvi district – Berzkalne and Lazduleja rural municipality where there were 460.4 and 492.5 children and people of retirement age per 1 000 people of working age. With the highest figures of demographic burden level the following rural municipalities shall be mentioned: Sauna rural municipality of Preiļi district – 830.8, Kubuli rural municipality of Balvi district – 812.2 and Ambeli rural municipality of Daugavpils district – 810.1.

The difference between the highest and the lowest figure of demographic burden at the beginning of 2006, similarly as at the beginning of 2004, was 1.4 times in the town group of Latgale region, while in the rural municipality group – 1.8 times by remaining at the level of 2003 and the beginning of 2004.

Population change

In Latgale planning region the rate of population decrease from beginning of 2001 till beginning of 2006 was 5.9% – it is two times higher than overall in the country where the rate was 2.9%. In local governments of the Latgale region town group the number of population decreased by 5.0% on average, in rural local governments – by 7.1% on average, while the respective country averages were 2.9% and 3.1% in the given period of time.

There is not a single town in Latgale planning region where in the period from 2001 till the beginning of 2006 the population has increased, whereas,

there are 4 rural territories where population has increased. Among these there are Ozolaine and Griskani rural municipalities of Rezekne district (increase by 191 and 143 inhabitants), Balvi rural municipality of Balvi district (by 17 inhabitants) and in Udrisi rural municipality of Kraslava district (by 6 inhabitants).

In the Latgale region town group the number of inhabitants has decreased most in Vilaka of Balvi district (by 8.5%) and in Karsava of Ludza district (by 7.9%). The fall in the number of population has been most remarkable among all of the rural municipalities in Latvia in the period under review in Kuprava rural municipality of Balvi district – the number of population has decreased by 23.7%. Population decrease was also highly significant in Kepova and Berzini rural municipalities of Kraslava district – by 20.5% and 20.1%, respectively.

Negative changes in the number of population have taken place in 97% of the Latgale region territories during the five year period.

Development index of region territories

Among the local governments of Latgale planning region according to the data for 2005 the first two places in the development index ranking list are occupied by Ozolaine rural municipality (development index 1.252) and Griskani rural municipality (1.159) of Rezekne district. Although, the relatively high increase in the number of population has played a great role in estimating the value of development index in these territories, which in both rural municipalities was highest in

Latgale region in the time period from 2001 till the beginning of 2006. Daugavpils ranks 3rd in the list, whereas the other city of Latgale region – Rezekne, occupies the 4th place. Balvi is ranking 5th according to the value of development index.

In Latgale planning region the development index is positive in 14 out of 134 local governments or in 10% only from all cities, towns, counties and rural municipalities.

Lowest development index values within the scope of Latgale region are monitored in rural municipalities of Balvi, Kraslava and Ludza districts. According to the data of 2005 Kuprava rural municipality occupies the last place in the ranking list (with the development index of -2.351). The final section of the ranking list also includes Kepova rural municipality of Kraslava district and Vecumi rural municipality of Balvi district. Karsava and Vilani are ranking lowest among towns according to the value of development index (Table 35 and Figure 36).

Among territories, where the development index for 2003, as compared to 2005, has significantly increased and which have considerably been lifted up in the ranking list, the following shall be outlined: Rezekne – moving upwards from 16th to 4th place, Balvi – from 21st to 5th place, Preiļi county – from 13th to 8th place,

Dagda – from 107th to 30th, whereas among rural territories – Stolerova rural municipality of Rezekne district – from 60th to 16th place, while Tilza and Vectilza rural municipalities of Balvi district – from 131st to 99th place and from 83rd to 34th place, Ilukste rural municipality of Daugavpils district – from 62nd to 26th place and Ambeli rural municipality of Daugavpils district – from 134th to 116th place.

In two local governments of Latgale planning region the value of development index has changed over the period of 2002–2005 from a negative figure to positive – these are Kraslava county and Ludza. Whereas, the opposite change of development index value, from positive to negative, has taken place in 14 local government territories, the largest part of which are rural municipalities included in Rezekne, Preiļi and Balvi districts.

Significant reduction in the value of development index is monitored in Berzkalne rural municipality of Balvi district – this territory has fallen in the ranking list from the 10th to 62nd place, in Brigi rural municipality of Ludza district – from 66th to 122nd place, in Andzeli rural municipality of Kraslava district – from 39th to 86th place, in Purene rural municipality of Ludza district – from 72nd to 113rd place, in Cornaja rural municipality of Rezekne district – from 29th to 80th place.

RIGA PLANNING REGION

Unemployment rate

Unemployment rate in Riga region on average and in the town group was 3.4% at the beginning of 2006. Riga region is the only one among the regions of Latvia where the unemployment rate in urban and rural areas is almost similar (3.4% and 3.5%). The average unemployment rate figures in local government groups are considerably lower than unemployment rates in towns and rural municipalities in the country on average – 4.6% and 7.0%, respectively.

Among the towns of Riga planning region the lowest unemployment rate has been recorded in Riga and Ogre districts. Unemployment rate was lowest at the beginning of 2006 in Saulkrasti with the rural territory – 2.3%, Ilkskile county – 2.4% and in Baldone with the rural territory – 2.6%. The highest unemployment rate among the towns of Riga region has been recorded in Limbazi – 5.4%, in Olaine – 5.0% and in Jūrmala – 4.6%.

In rural territories of Riga region there were 16 rural municipalities with unemployment rate below 3% at the beginning of 2006. Basically these are local municipalities included in Riga and Ogre districts. Unemployment rate was lowest in Krape rural municipality of Ogre district (1.3%), Laubere rural municipality of Ogre district (1.5%) and in Sala rural municipality of Riga district (1.9%). Among rural territories of Riga planning region the rural municipalities of Tukums and Limbazi districts stand out according to the highest unemployment rates. Unemployment was highest in Zante rural municipality of Tukums district – 14.5% and Braslava rural municipality of Braslava district – 6.5%.

In Riga district the difference between the highest and the lowest unemployment rate in the period of 2003–2005 has decreased by 4.1 to 2.3 times in the town group, while it has increased in the rural municipality group – from 6.2 to 10.8 times.

Reduction in the differences among towns is mainly determined by a fall in the unemployment rate from 6.9% at the beginning of 2004 to 5.4% at the beginning of 2005, and by a rise in the lowest unemployment rate figure from 1.7% to 2.3%, whereas in the rural territory group the increase in the differences is determined by the reduction in the lowest figure from 2.5% to 1.3%, respectively.

Individual income tax

The amount of individual income tax per capita in 2005 was Ls 213.9 on average in towns of Riga region in 2005 (in 2003 – Ls 153.9), that is, however, due to the importance of the Riga percentage from the total estimate, only 14.6% higher than in towns on average in the country (Ls 186.7). The amount of individual income tax payments per capita in rural municipalities and counties of the region constituted Ls 152.42 on average (in 2003 – Ls 108.4) or 1.5 times higher than in rural municipalities in the country on average (Ls 101.2).

The average individual income tax figure per capita in Riga region for 2005 – Ls 172.6 was mostly influenced by payments of individual income tax in the towns and rural municipalities of the cities of Riga and Jūrmala and the towns of Riga and Ogre districts. The largest amounts of individual income tax payments per capita have been recorded in Riga – Ls 224.5 Ls and in Balozi – Ls 224.2, which also constituted the highest figures for 2005 among all the towns of Latvia. In the town group of Riga district the individual income tax paid was lower than Ls 100 per capita only in Staicele with the rural territory – Ls 79.6 and in Kandava county – Ls 94.9.

In 5 rural local governments of Riga district the amount of individual income tax per capita for 2005 was above Ls 200 per capita. The largest amount of individual income tax per capita in 2005 was in Kekava rural municipality of Riga district – Ls 235.8. This is the highest figure not only in Riga region but also in all local governments in Latvia. Individual income tax in Riga district reached Ls 216.5 in Garkalne county, whereas in Babīte rural municipality, Adazi county and Incukalna county – Ls 208.1, Ls 204.1 and Ls 201.4, respectively.

Lowest amounts paid as individual income tax per capita in Riga region were in rural municipalities of Limbazi and Tukums districts – in Braslava rural municipality of Limbazi district – Ls 44.1, Jaunsāti rural municipality of Tukums district – Ls 59.2 and in Vane rural municipality – Ls 62.5.

17 out of 20 towns and 52 out of 55 rural municipalities of the region are still behind the average amount of individual income tax payments per capita by contrasting the diversity between Riga as a capital city and its neighbourhood, and other local municipalities of the planning region.

The disparities in the rural territories of Riga region are larger than in towns in respect to the amount of individual income tax revenue. In 2005 the difference between the largest and the smallest amount of individual income tax payments per capita in rural municipalities and counties was 5.3 times, while in towns – 2.8 times (in 2003 – 7.0 and 3.4 times, respectively).

Demographic burden

The level of demographic burden in local governments of Riga region is lower on average than in the country overall. In towns of Riga planning region at the beginning of 2006 there were 531.9 children and people of retirement age per 1 000 people of working age, in rural municipalities – 543.4 on average (539.8 and 587.2 in the republic of Latvia, respectively).

In Riga region at the beginning of 2006 the lowest demographic burden was monitored in rural municipalities of Riga district – in the town group in Balozi – 395.6, Vangazi – 483.6 and in Salaspils county – 486.5, while in the rural municipality group in Adazi county – 445.1, Olaine rural municipality – 455.4 and in Sala rural municipality – 459.2. The highest level of demographic burden

City, town, county, parish	District	Development index			Rank		
		2003	2004	2005	2003	2004	2005
Garkalne novads	Rīga	1.679	1.964	2.349	1	1	1
Balozi town	Rīga	0.881	1.388	1.474	6	2	2
Sala pagasts	Rīga	0.443	1.225	1.355	11	3	3
Babīte pagasts	Rīga	0.861	1.098	1.180	7	5	4
Kekava pagasts	Rīga	1.187	0.984	1.069	4	7	5
Carnikava novads	Rīga	1.048	0.874	0.979	5	8	6
Ilkskile novads	Ogre	0.720	1.007	0.967	8	6	7
Adazi novads	Rīga	1.352	1.174	0.910	2	4	8
Marupe pagasts	Rīga	0.021	0.775	0.798	17	10	9
Stopini novads	Rīga	1.236	0.826	0.645	3	9	10
Kegums novads	Ogre	0.062	0.137	0.284	15	15	11
Olaine pagasts	Rīga	0.492	0.510	0.247	10	11	12
Rīga city	-	0.180	0.184	0.207	14	14	13
Lapmežciems nov.	Tukums	-0.028	-0.620	0.138	21	32	14
Ropazi novads	Rīga	0.438	0.199	0.021	12	13	15
Saulkrasti town/r.a.	Rīga	-0.138	-0.219	-0.013	24	20	16
Ogre novads	Ogre	-0.367	0.097	-0.051	27	16	17
Sigulda novads	Rīga	-0.026	-0.208	-0.128	20	19	18
Laubere pagasts	Ogre	-0.797	-0.428	-0.134	38	28	19
Baldone town/r.a.	Rīga	0.217	-0.134	-0.135	13	17	20
Salaspils novads	Rīga	0.660	0.316	-0.142	9	12	21
Seja novads	Rīga	-0.120	-0.360	-0.221	23	25	22
Lielvarde novads	Ogre	-0.025	-0.190	-0.258	19	18	23
Jumprava pagasts	Ogre	-0.510	-0.367	-0.308	29	26	24
Suntazi pagasts	Ogre	-0.512	-0.686	-0.424	30	34	25
Incukalna novads	Rīga	-0.049	-0.231	-0.433	22	21	26
Krape pagasts	Ogre	-1.148	-1.862	-0.488	44	61	27
Vangazi town	Rīga	0.019	-0.294	-0.491	18	23	28
Krimulda pagasts	Rīga	-0.708	-0.429	-0.505	35	29	29
Allazi pagasts	Rīga	-0.580	-0.721	-0.520	32	35	30
Daugmale pagasts	Rīga	-0.204	-0.558	-0.541	26	30	31
Malpils pagasts	Rīga	0.046	-0.344	-0.575	16	24	32
Olaine town	Rīga	-0.182	-0.248	-0.634	25	22	33
Jurmala city	-	-0.878	-0.652	-0.697	40	33	34
Ainazi town/r.a.	Limbazi	-0.800	-2.515	-0.741	39	68	35
Viesātas pagasts	Tukums	-1.239	-1.055	-0.779	46	39	36
Slampe pagasts	Tukums	-0.736	-0.935	-0.831	36	38	37
Engure pagasts	Tukums	-0.438	-0.416	-0.900	28	27	38
Birzgaļe pagasts	Ogre	-1.474	-1.300	-0.906	54	43	39
Tukums town	Tukums	-0.706	-0.617	-0.949	34	31	40
Salacgrīva town/r.a.	Limbazi	-1.581	-3.327	-1.072	57	73	41
Pure pagasts	Tukums	-1.822	-1.276	-1.089	63	42	42
Tume pagasts	Tukums	-0.549	-1.133	-1.130	31	41	43
Keipene pagasts	Ogre	-0.676	-0.791	-1.257	33	36	44
Seme pagasts	Tukums	-1.712	-1.783	-1.258	60	57	45
Dzūkste pagasts	Tukums	-1.444	-1.981	-1.337	52	64	46
Limbazi town	Limbazi	-1.045	-0.854	-1.347	43	37	47
Zentene pagasts	Tukums	-2.178	-2.443	-1.483	68	66	48
Jaunpils pagasts	Tukums	-1.476	-1.615	-1.491	55	50	49
Ledmane pagasts	Ogre	-0.992	-1.301	-1.540	41	44	50
Kandava novads	Tukums	-1.594	-1.691	-1.549	58	53	51
Brīvzemnieki pag.	Limbazi	-1.968	-1.712	-1.565	66	54	52
Madliena pagasts	Ogre	-1.380	-1.683	-1.596	50	52	53
Aloja town/r.a.	Limbazi	-1.301	-1.482	-1.635	47	48	54
Katvari pagasts	Limbazi	-1.846	-1.837	-1.676	65	60	55
Irlava pagasts	Tukums	-1.423	-1.792	-1.701	51	58	56
Ledurga pagasts	Limbazi	-1.237	-1.410	-1.742	45	45	57
Skulte pagasts	Limbazi	-1.512	-1.477	-1.742	56	47	58
Mengele pagasts	Ogre	-1.640	-1.908	-1.766	59	63	59
Smarde pagasts	Tukums	-0.759	-1.105	-1.814	37	40	60
Limbazi pagasts	Limbazi	-1.800	-1.771	-1.816	62	56	61
Mazozoli pagasts	Ogre	-1.016	-1.658	-1.846	42	51	62
Vidriži pagasts	Limbazi	-1.444	-1.529	-1.858	53	49	63
Vilkenes pagasts	Limbazi	-2.772	-3.180	-2.221	71	72	64
Degole pagasts	Tukums	-2.228	-1.832	-2.262	70	59	65
Taurupe pagasts	Ogre	-1.340	-1.874	-2.266	49	62	66
Liepupe pagasts	Limbazi	-2.096	-2.549	-2.311	67	69	67
Vāne pagasts	Tukums	-1.733	-1.757	-2.371	61	55	68
Pāle pagasts	Limbazi	-1.843	-2.031	-2.491	64	65	69
Staicele town/r.a.	Limbazi	-2.949	-3.428	-2.645	72	74	70
Umerga pagasts	Limbazi	-2.220	-2.569	-2.686	69	70	71
Lestene pagasts	Tukums	-1.303	-1.454	-2.966	48	46	72
Jaunsāti pagasts	Tukums	-3.342	-2.502	-3.600	74	67	73
Braslava pagasts	Limbazi	-3.175	-2.712	-4.135	73	71	74
Zante pagasts	Tukums	-5.722	-4.419	-6.850	75	75	75

Table 36. Development index and ranking of towns, rural municipalities and counties of Riga planning region according to data of 2003-2005.

In the town group of Riga region was found in Staicele with the rural territory – 735.6 and in Saulkrasti with the rural territory – 634.6.

In rural municipality group the highest demographic burden has been recorded in Madliena rural municipality of Ogre district – 700.5, Smarde rural municipality of Tukums district – 698.8 and in Vilkenes rural municipality of Limbazi district – 691.1.

The differences between the lowest and highest figures of demographic burden in urban local governments of Riga planning region were 1.9, while in the local municipality group 1.6 times at the beginning of 2006.

Population change

From the beginning of 2001 till the beginning of 2006 there was a loss of population in the amount of 1.7% in Riga planning region, which is less than in the country overall within the same time period (2.9%). The average differences in population numbers in the towns of Riga region were close to the average difference indicator in all towns of Latvia (-2.8% and -2.9%, respectively), whereas the number of population in the rural areas of the region were opposite – positive, compared to the country in general. In Latvia in all local governments within the rural municipality group the number of population within five years decreased by 3.1% on average, whereas in rural municipalities and counties of Riga region it was increased considerably – by 5.9% on average.

The number of population in the town group of the region increased by 5% in 6 towns and urban counties, whereas the increase was higher than 5% in Ilkskile county – by 13.2%, Baldone with the rural territory – by 7.9%, in Saulkrasti with the rural territory – by 7.3% and in Balozi – by 7.1%.

In the rural municipality group of Riga region the increase in the number of population is monitored approximately in 50% of all local governments – in 22 rural municipalities and rural counties. The amount of increase is within the limits of up to 53.2% – the largest increase in the number of employees in the five year period has taken place in Garkalne rural municipality of Riga district. The number of employees also increased considerably in Marupe rural municipality of Riga district – by 19.6% and in Olaine rural municipality of Riga district – by 19.1%.

Among the most attractive territories for inhabitants in Riga region are 19 local governments of Riga district, 7 local governments of Tukums district, 4 local governments of Ogre district and 2 local governments of Limbazi district.

Among the 10 towns of the region the number of population has decreased most of all in Ainazi with the rural territory – by 9.7%, Aloja with the rural territory – by 5.5% and in Limbazi – by 5.1%. The number of population decreased in the capital city of Riga by 3.8%, significantly affecting the average figure for the region. Whereas, among rural territories the following rural municipalities with the most significant figures of population decrease were outlined negatively: Brīvzemnieki rural municipality of Limbazi district – by 20.0%, Mazozoli rural municipality of Ogre district – by 12.4%, Mengele rural municipality of Ogre district – by 11.9% and Zentene rural municipality of Tukums district – by 10.4%.

Development index of region territories

In the ranking lists of the development index figures for Riga planning region the first 15 places are occupied according to the data of 2005 by 11 local governments of Riga district, 2 local governments of Ogre district, 1 local government of Tukums district and Riga. Whereas, among the 15 territories at

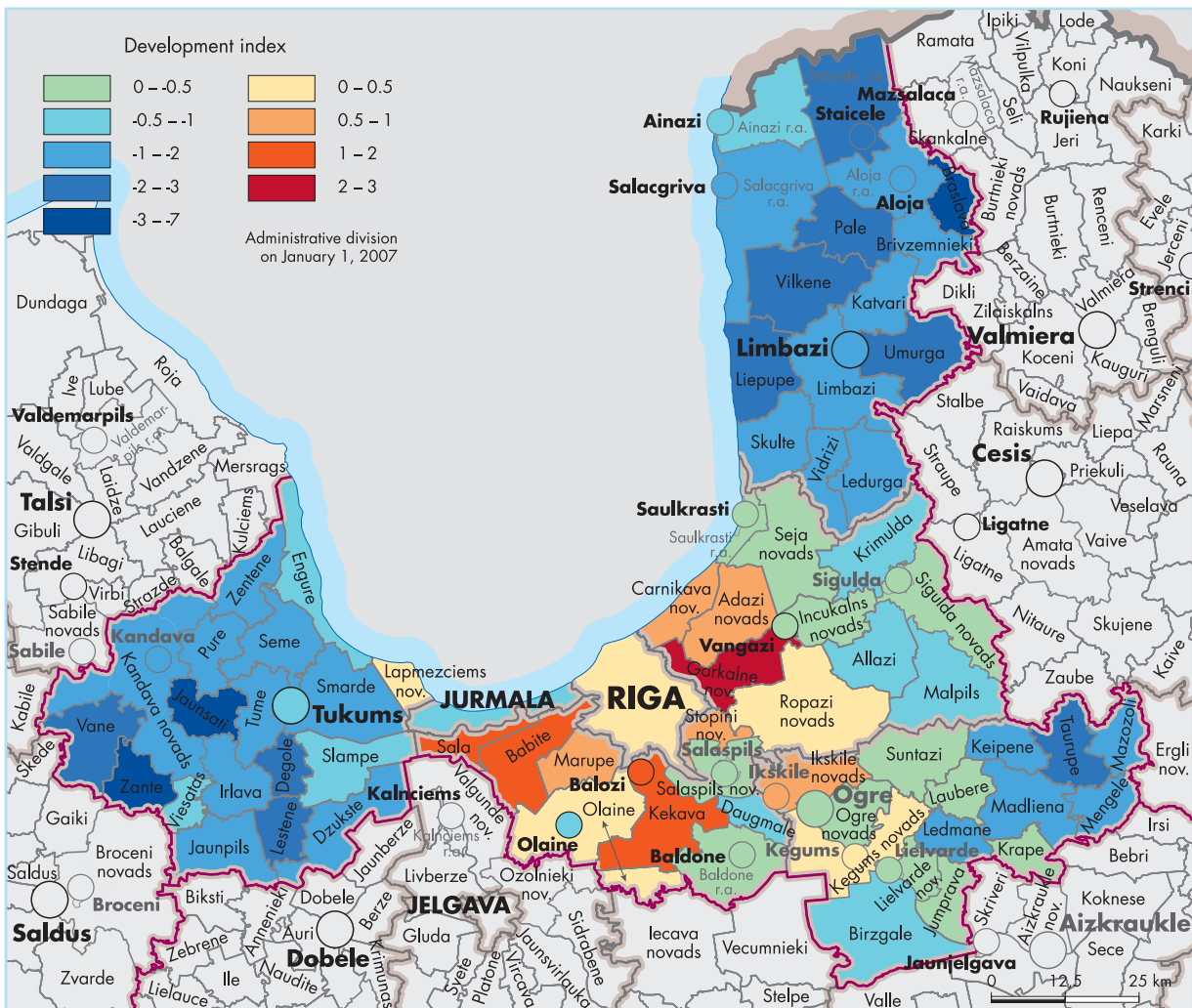


Figure 37. Development index of towns, rural municipalities and counties of Riga planning region according to data of 2005.

the lower end of the ranking list there are 8 local governments from Limbazi district, 5 local governments from Tukums district and 2 local governments from Ogre district included.

Garkalne local government of Riga region ranks first in the ranking list for the third year in a row already (with the development index figure of 2.349 in 2005). This is followed by Balozi, Sala rural municipality, Babite rural municipality, Kekava rural municipality, Carnikava county of Riga district and Ikšķile county of Ogre district. Capital city Riga ranks 13th in the list.

Overall the value of development index is positive in 15 out of 75 or in 20% of the local governments of Riga planning region.

In the ranking list of the region the following rural municipalities are ranking as last ones: Zante rural municipality of Tukums district – with the development index value of -6.850, Braslava rural municipality – -4.135 and Jaunsāti rural municipality – -3.600 of Limbazi district (see Table 36 and Figure 37). The extraordinarily low figures of development index shall be assessed in comparison with other planning regions as extremely low figures as there are sharp differences in the comparable territories of Riga region. The large percentage of the Riga city in the region is highly important.

Out of those territories for which the development index has increased considerably during the period of one year and which have remarkably moved up in the ranking list for 2005, compared to 2003, Balozi shall be pointed out – with the rise from 6th to 2nd place, Babite rural municipality of Riga district – from 7th place to 4th place, Sala rural municipality of Riga district – from 11th to 3rd,

Marupe rural municipality – from 17th place to 9th place, Ogre county – from 27th to 17th. Pure rural municipality of Tukums district stands out with the most considerable increase in development index – the rise is from 63rd to 42nd place, and Zentene rural municipality of Tukums district – with the rise from 68th to 48th, as well as Krape rural municipality of Ogre district – from 44th to 27th.

Development index has increased for both sea-shore towns of Limbazi district – Ainazi with the rural territory – the rise in the ranking list is from 39th to 35th place, and Salacgrīva with the rural territory – from 57th place to 41st. The decrease in the development index figures has been significant in the period from 2003 to 2005 in Smarde rural municipality of Tukums district – from 37th to 60th place, Mazozoli rural municipality of Ogre district – fallen in the ranking list from 42nd to 62nd place, Lestene rural municipality of Tukums district – from 48th to 72nd place.

There has been only one local government territory with the value of development index having changed from negative to positive over the three year period – Lapmežciems rural municipality of Tukums district, whereas the opposite change, from positive to negative, has taken place in four local municipalities of the Riga district – Baldone with the rural territory, Salaspils with the rural territory, Vangazi and Malpils rural municipalities. Development index figure has changed substantially for Zante rural municipality of Tukums district, however, without any changes in the ranking list – it is still occupying the last, 75th place.

VIDZEME PLANNING REGION

Unemployment rate

Unemployment rate at the beginning of 2006 in both the towns and rural municipalities of Vidzeme planning region was 5.5% on average. At the beginning of 2006 Vidzeme region was the only one among the regions of Latvia where the unemployment rate in urban and rural areas is equal. At the beginning of 2005 the situation was similar also in Riga region. Compared to the beginning of 2004, the unemployment rate in urban areas has fallen by 0.8, while in rural areas – by 1.1 percentage points. In the towns of Vidzeme region the average unemployment rate is higher than that of the towns in the country overall (4.6%), while in rural areas – lower than the average indicator of the country (7.0%).

In the beginning of 2006 unemployment rate was lowest in Ligatne among the towns of Vidzeme region – 4.1%, in Rujiena and Cesis – 4.2% in each, while highest in Varaklani – 11.9% and Seda with the rural territory – 8.1%.

In rural municipality group the lowest unemployment rate has been recorded at the beginning of 2005 in Jaunlaicene rural municipality of Aluksne district – 2.4%, Palsmane rural municipality of Valka district – 2.5%, whereas the highest in Pededze rural municipality of Aluksne district – 18.1%, Osupe rural municipality of Madona district – 15.1% and Varaklani rural municipality – 14.2%.

The difference between the lowest and the highest unemployment rate was 2.9 times in the towns of Vidzeme planning region at the beginning of 2006. The difference was much larger in the rural municipality group – 7.5 times.

Individual income tax

In 2005 the amount of individual income tax per capita in towns of Vidzeme region was Ls 164.6 on average, whereas in rural municipalities it was almost less by half – Ls 93.1 on average. The figures of Vidzeme region are lower than the average individual income tax figures per capita respectively in town and rural municipality groups (Ls 186.7 and Ls 101.2, respectively). In Vidzeme planning region the average individual income tax payment for 2005 was Ls 124.3 per capita – 5 out of 16 towns of the region and 102 out of 108 rural municipalities of the region were short of this limit.

The highest individual income tax payments per capita in 2005 were in Valmiera – Ls 199.5, in Smiltene – Ls 196.8 and in Cesis – Ls 178.3. Leaders in rural municipality group were Priekuli rural municipality of Cesis district – Ls 178.1, Valmiera rural municipality of Valmiera district – Ls 160.80 and Kalsnava rural municipality of Madona district – Ls 147.4.

The lowest figure of individual income tax per capita among the towns of Vidzeme region was recorded in 2005 in Ape with the rural territory – Ls 77.2 and in Varaklani – Ls 79.0 – two times less than in towns of the region on average. The lowest amount of individual income tax payments per capita among rural local governments of Vidzeme region in 2005 was identified in Pededze rural municipality of Aluksne district – Ls 33.3, Varaklani rural municipality of Madona district – Ls 40.0 and in Ramata rural municipality of Valmiera district – Ls 42.6. This is 2-3 times less than in rural areas of the region on average.

In rural municipality group of Vidzeme region large contrasts in the living standards can be found – the difference between rural municipalities according to the amount of individual income tax paid per capita is 5.3 times. The difference among the towns of the region is not so large – 2.6 times.

Demographic burden

On average the level of demographic burden in Vidzeme planning region is higher than overall in the country. In towns of Vidzeme planning region at the beginning of 2006 there were 587.3 children and people of retirement age per 1 000 people of working age (in the country overall – 539.8), whereas in rural municipalities – 597.8 (587.2 in the country).

The level of demographic burden among the town group of Vidzeme region at the beginning of 2006 was the lowest in Valmiera – 547.7 and in Gulbene – 559.1. The level of demographic burden was highest in Ligatne – 772.5 and in Mazsalaca with the rural territory – 749.8. In both these towns the level of demographic burden is the highest among all of the towns of Latvia.

Among rural municipalities of the region the level of demographic burden was lowest in Valmiera rural municipality of Valmiera district – 452.1, Veselava rural municipality of Cesis district – 489.5 and in Stradi rural municipality of Gulbene district – 502.8 children and people of retirement age per 1 000 people of working age. The level of demographic burden was highest in Varaklani rural municipality of Madona district – 813.3, Liepna rural municipality of Aluksne district – 812.8 and Kaive rural municipality of Cesis district – 743.2. In Varaklani rural municipality and Liepna rural municipality the figures for demographic burden are the highest in Latvia at the beginning of 2006, the level of demographic burden was higher only in Sauna rural municipality of Preiļi district (830.8).

The lowest and the highest figures of demographic burden in towns of Vidzeme region differ 1.4 times, and 1.8 times in rural municipalities of the region at the beginning of 2006.

Population change

In the period from the beginning of 2001 till the beginning of 2006 the number of population in Vidzeme planning region decreased by 4.5% which is more than in Latvia overall – the figure for the country was 2.9%. The rate of population decrease in rural areas of Vidzeme region was two times higher than in towns. The number of population decreased in the towns of the region by 2.5% – this indicator is slightly better than in the country overall in the respective time period (2.9%), whereas in rural municipalities it has fallen more sharply – by 5.9%, by considerably exceeding the respective average figure of the country (3.1%).

The overall number of population in the towns of Vidzeme region has decreased by 2.7 thousand, whereas in rural areas – by 8.6 thousand.

During the time period under review the number of population increased in Valmiera (by 0.2%), while in other towns of Vidzeme region – decreased within the limits of 2-10%.

The number of population in rural areas of the region increased in 5 local governments. The largest increase in population within five years has been recorded in Kauguri rural municipality of Valmiera district – by 2.2%, Zilaiskalns rural municipality of Valmiera district and Zeltini rural municipality of Aluksne district – by 1.0% each. The number of population increased in Branti rural municipality of Valka district by 0.7% and in Valmiera rural municipality of Valmiera district – by 0.3%.

The largest decrease from beginning of 2001 till beginning of 2006 has been in the town group of Vidzeme region monitored in Stenci – by 10.3% and in Ape with the rural territory – by 9.3%, while in the rural municipality group – in Jaungulbene rural municipality of Gulbene district – by 24.6%, in Kalncempji rural municipality of Aluksne district – by 19.7% and in Ipiki rural municipality of Valmiera district – by 16.3%.

Development index of region territories

Valmiera rural municipality of Valmiera district ranks at the top on the development index list of Vidzeme planning region according to the data of 2003-2005. Development index of Valmiera rural municipality is 1.147 according to the data of 2005. Among the first top five local governments by development index according to the data of 2005 also Valmiera, Cesis, Launkalne rural municipality and Palsmane rural municipality of Valka district are included. Within Vidzeme planning region the development index is a positive figure in 35 out of

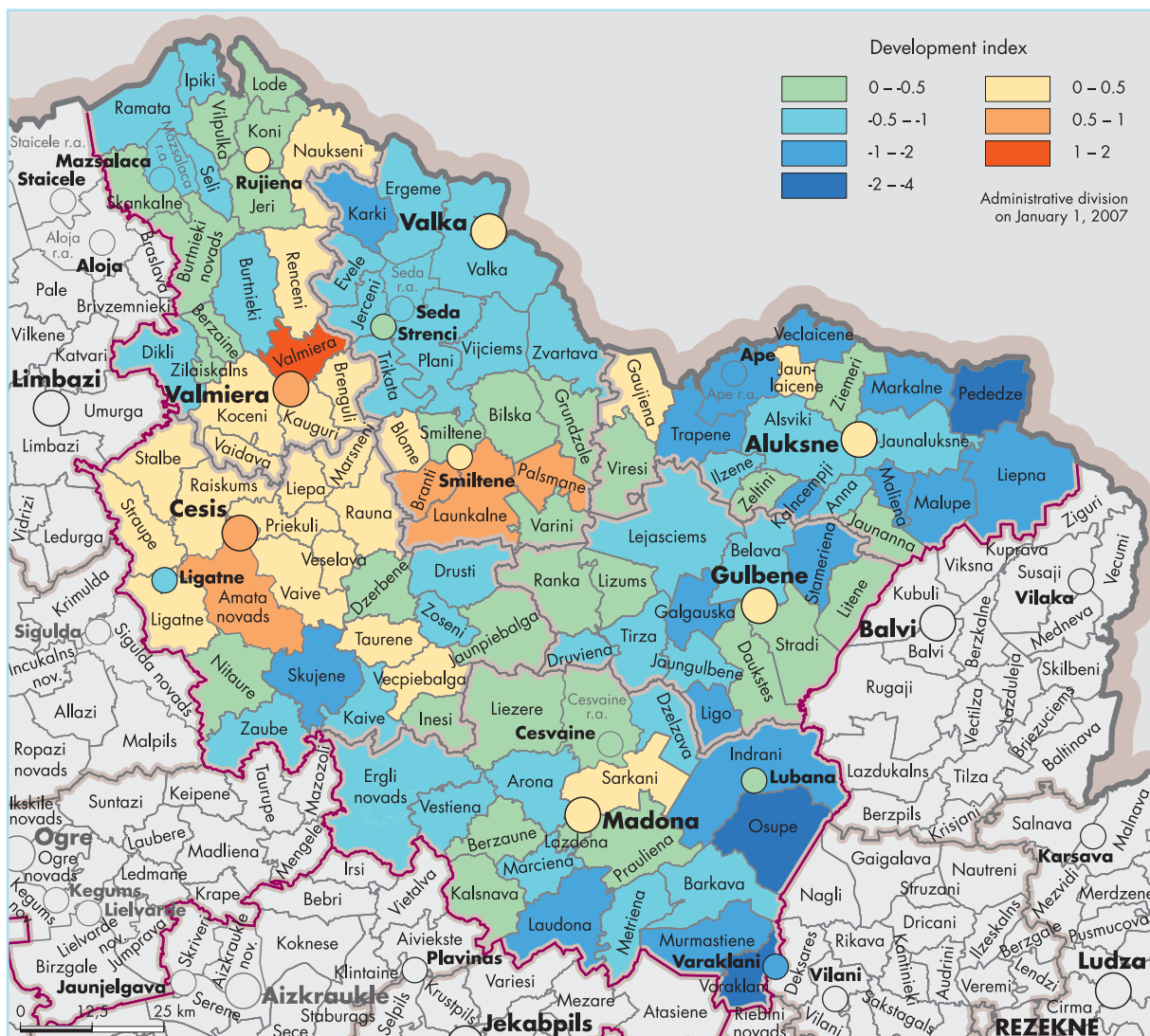


Figure 38. Development index of towns, rural municipalities and counties of Vidzeme planning region according to data of 2004.

In Vidzeme region, compared to the other planning regions, during 2003-2005 the variations of development index figures of local government territories, and the respective moving up or down in the ranking list has been most intense. Comparing the data for 2003 with the data for 2005, in Vidzeme region Sarkani rural municipality of Madona district shall be outlined with a considerable increase in the value of development index – the rise is from the 87th to 29th place, and Strenči – rising from 109th to 60th place in the ranking list, Dauksti rural municipality of Gulbene district – from 77th to 38th place, Jaunlaicene rural municipality of Aluksne district – from 59th to 21st place, Branti rural municipality of Valka district – from the 11th to 7th place and Palsmane rural municipality – from 35th to 5th place.

During the period under review positive development index values were retained in 26 local governments of Vidzeme planning region, there was a turnaround from positive to negative in 9 local governments. 6 local governments were capable of turning around from negative to positive. These are the above mentioned local governments of Sarkani rural municipality of Madona district, Jaunlaicene rural municipality of Aluksne district, Palsmane rural municipality of Valka district, as well as the following rural municipalities of Cesis district – Marseni rural municipality, Veselava rural municipality, Raiskums rural

municipality, Vaive rural municipality, Stalbe rural municipality and Blome rural municipality of Valka district.

Among the territories for which the development index figure in 2005, as compared to 2003, has changed from positive to negative, the following shall be outlined: Ligatne, Jeri, Berzaine and Lode rural municipalities of Valmiera district and Nitaure rural municipality of Cesis district.

Among the territories with negative dynamics of the development index also Seda with the rural territory shall be outlined which has fallen in the ranking list from 60th to 88th place, Vilpulkas rural municipality of Valmiera district – from 31st to 65th place.

The largest decrease in development index has been recorded in Ligatne. It has fallen from 25th to 81st place in the development index ranking list. A considerable decrease in development index figure has been recorded within the three year period in Trapene rural municipality of Aluksne district, the fall in the ranking list for this local government is from the 66th place to 109th place and in Seli rural municipality of Valmiera district – from 40th to 92nd place. The reason for such outcome is mainly the relatively rapid increase in the unemployment rate of the rural municipality, and a considerably sharp decrease in the number of population.

ZEMGALE PLANNING REGION

Unemployment rate

Unemployment rate in the towns of Zemgale planning region was 6.3% on average – higher than in the average figure in the towns of the country overall (5.4%), while in rural areas of the region – 5.9% on average – less, however, than the average figure in the rural areas in the country (7.0%). In local municipalities of the town group unemployment had decreased in towns and urban counties by 0.9, while in rural municipalities and rural counties by 0.5 percentage points.

There are slight differences in Zemgale region between the average unemployment rates in urban and in rural areas. Among the towns of Zemgale region the lowest unemployment rate at the beginning of 2006 was in Jelgava – 3.8% and in Bauska and Plavinas – 6.0% in each, highest – in Akniste with the rural territory – 11.8% and in Viesite with the rural territory – 10.7%.

In rural municipality group of the region the lowest unemployment rate has been recorded in Valgunde rural municipality of Jelgava district – 2.2%, Sidrabene rural municipality – 2.4% and in Stelpe rural municipality of Bauska district – 2.9%. The highest unemployment rate was in Asare rural municipality of Jekabpils district – 13.8%, Ukri rural municipality of Dobele district – 11.9% and in Barbele rural municipality of Bauska district – 11.8%.

The highest and the lowest unemployment rate in Zemgale district in 2006 differed among urban areas by 3.1 times and among rural areas by 6.3 times (at the beginning of 2004 – 2.6 times and 5.9 times, respectively). In the period of 2004–2006 the differences between rural municipalities and towns increased in Zemgale district.

Individual income tax

The amount of individual income tax par capita in the towns of Zemgale planning region in 2005 was Ls 160.9 – less by Ls 25.8 than the average in the towns of the country overall (Ls 186.7), whereas in rural municipalities – Ls 101.4 which is essentially complying with the average indicator in rural areas in the country overall (Ls 101.2). The average amount of individual income tax per capita was 1.6 times higher than that in rural municipalities of the region. In Zemgale planning region 4 out of 11 towns in the region and 80 out of 84 or 95% of the rural municipalities and counties of the region were short of the average amount of individual income tax per capita – Ls 130.8.

Largest individual income tax payers in the town group per capita in 2004 were Aizkraukle county – Ls 207.6 and Dobele – Ls 198.7. In rural municipality group the leaders according to this indicator were Ozolnieki county of Jelgava district – Ls 147.1, Skriversi rural municipality – Ls 140.9 and Koknese rural municipality – Ls 138.7 of Aizkraukle district.

Lowest individual income tax per capita among the towns of Zemgale region in 2005 was in Viesite with rural territory – Ls 101.9, and in Akniste with rural territory – Ls 103.2, but in rural municipality group – in Asare rural municipality of Jekabpils district – Ls 39.7, Viesturi rural municipality of Bauska district – Ls 47.7 and in Dignaja rural municipality of Jekabpils district – Ls 47.9.

The difference between the highest and the lowest amount of individual income tax paid per capita in the towns of Zemgale planning region was 2.0 times, whereas in rural municipalities – 3.7 times in 2005. The difference has decreased in one year (in 2003 it was 2.3 and 5.2 times, respectively).

Demographic burden

Demographic burden in the towns of Zemgale planning region was equal to the average in the towns of the country overall, while in rural municipalities – even lower than on average in rural areas in Latvia at the beginning of 2006.

There were 540.4 children and people of retirement age per 1 000 people of working age on average in the towns of Zemgale region, while in rural municipalities – 574.9 (the respective averages in the country in general were 539.8 and 587.2).

Among the towns of Zemgale region at the beginning of 2006 the lowest demographic burden has been recorded in Aizkraukle county – 486.0 and in Jelgava – 525.4, whereas the highest – in Plavinas – 648.2 and in Akniste with the rural territory – 631.7.

In rural municipality groups the following rural municipalities were distinguished with the lowest figures of demographic burden: Gailisi rural municipality of Bauska district – 418.7, Serene rural municipality of Aizkraukle district – 424.3 and Garsene rural municipality of Jekabpils district – 462.2. Highest levels of demographic burden were present in the following rural local government territories of Jekabpils district: Rubene rural municipality – 804.5 and Kukas rural municipality – 773.5, and already down by 50 children and people of retirement age per 1 000 people of working age in Zasa rural municipality – 720.7.

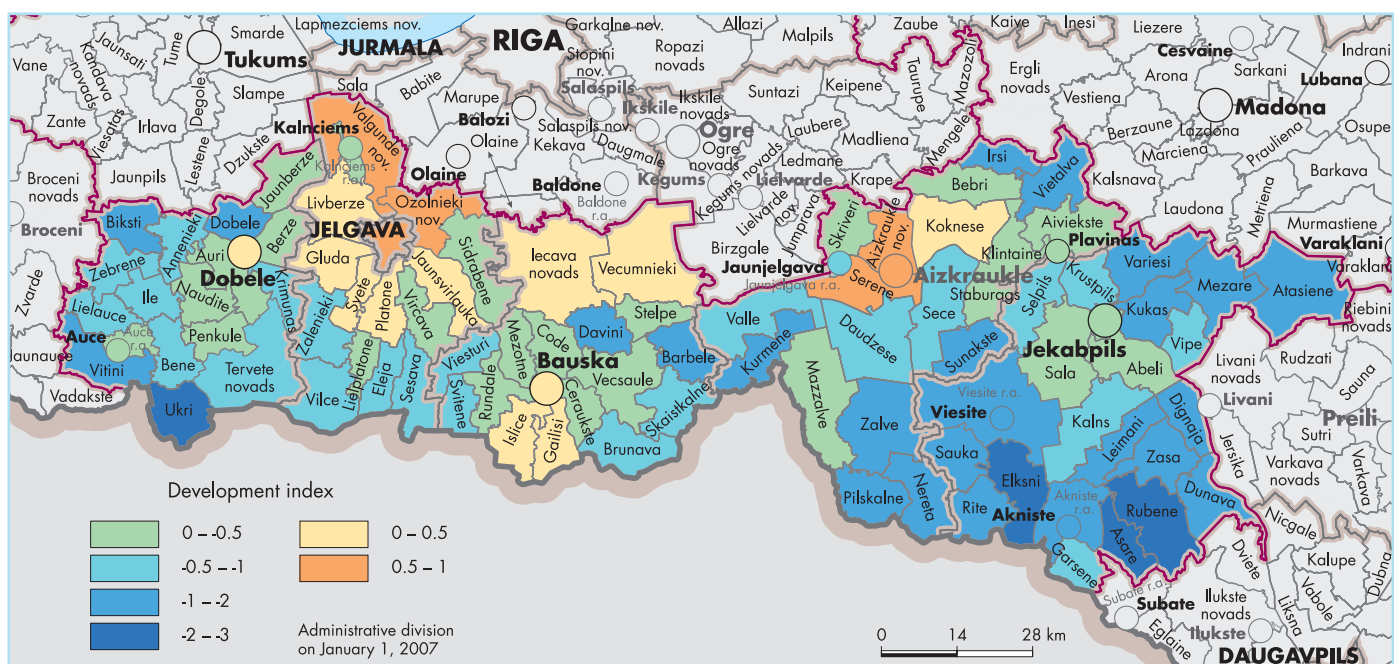


Figure 39. Development index of towns, rural municipalities and counties of Zemgale planning region according to data of 2005.

City, town, county, parish	District	Development index			Rank		
		2003	2004	2005	2003	2004	2005
Jelgava city	-	0.492	0.905	0.904	8	1	1
Aizkraukle novads	Aizkraukle	0.718	0.668	0.724	4	3	2
Ozolnieki novads	Jelgava	1.081	0.688	0.718	1	2	3
Serene pagasts	Aizkraukle	0.714	0.552	0.717	5	6	4
Valgunde novads	Jelgava	0.800	0.636	0.534	2	5	5
Svete pagasts	Jelgava	0.760	0.642	0.464	3	4	6
Gluda pagasts	Jelgava	0.466	0.370	0.411	9	9	7
Jaunsvirlauka pag.	Jelgava	0.496	0.270	0.380	7	12	8
Dobele town	Dobele	0.263	0.270	0.350	17	11	9
Gailisi pagasts	Bauska	0.445	0.261	0.273	11	14	10
Iecava novads	Bauska	0.466	0.294	0.267	10	10	11
Koknese pagasts	Aizkraukle	-0.014	0.140	0.255	26	15	12
Livberze pagasts	Jelgava	0.273	0.267	0.215	15	13	13
Vecumnieki pag.	Bauska	0.538	0.395	0.198	6	8	14
Platone pagasts	Jelgava	0.378	0.492	0.125	12	7	15
Bauska town	Bauska	0.372	0.102	0.102	13	16	16
Islice pagasts	Bauska	0.214	0.015	0.037	20	19	17
Skriveri pagasts	Aizkraukle	0.217	0.075	-0.002	19	17	18
Mazzalve pagasts	Aizkraukle	-0.460	0.053	-0.019	49	18	19
Ceraukste pagasts	Bauska	-0.385	-0.266	-0.074	42	27	20
Stelpe pagasts	Bauska	-0.227	-0.172	-0.104	36	25	21
Sidrabene pagasts	Jelgava	0.265	-0.146	-0.130	16	22	22
Sala pagasts	Jekabpils	-0.164	-0.129	-0.144	32	21	23
Vecsaule pagasts	Bauska	-0.309	-0.397	-0.161	39	32	24
Penkule pagasts	Dobele	0.025	-0.004	-0.170	24	20	25
Jekabpils town	Jekabpils	-0.219	-0.169	-0.208	35	24	26
Code pagasts	Bauska	0.223	-0.178	-0.225	18	26	27
Berze pagasts	Dobele	-0.412	-0.413	-0.268	45	37	28
Rundale pagasts	Bauska	-0.155	-0.407	-0.284	30	36	29
Vircava pagasts	Jelgava	0.138	-0.372	-0.288	22	31	30
Aiviekste pagasts	Aizkraukle	-0.501	-0.479	-0.318	52	42	31
Auri pagasts	Dobele	0.164	-0.167	-0.323	21	23	32
Lielplatone pag.	Jelgava	-0.191	-0.421	-0.350	34	39	33
Staburags pagasts	Aizkraukle	-0.081	-0.399	-0.350	28	33	34
Bebri pagasts	Aizkraukle	0.004	-0.266	-0.353	25	28	35
Abeli pagasts	Jekabpils	-0.436	-0.401	-0.356	47	34	36
Naudite pagasts	Dobele	-0.455	-0.433	-0.393	48	40	37
Auce town/r.a.	Dobele	-0.392	-0.342	-0.410	43	30	38
Plavinas	Aizkraukle	0.032	-0.403	-0.432	23	35	39
Kalnciems town/r.a.	Jelgava	-1.005	-0.590	-0.434	70	48	40
Jaunberze pagasts	Dobele	-0.424	-0.702	-0.474	46	53	41
Klintaine pagasts	Aizkraukle	-0.287	-0.628	-0.481	37	50	42
Mezotne pagasts	Bauska	-0.534	-0.421	-0.495	54	38	43
Jaunjelgava town/r.a.	Aizkraukle	0.371	-0.327	-0.504	14	29	44
Krustpils pagasts	Jekabpils	-0.955	-0.803	-0.540	69	58	45
Zalienieki pagasts	Jelgava	-0.041	-0.510	-0.555	27	45	46
Lielauce pagasts	Dobele	-0.492	-0.668	-0.566	51	52	47
Brunava pagasts	Bauska	-0.299	-0.583	-0.633	38	47	48
Skaistkalne pag.	Bauska	-0.355	-0.633	-0.649	41	51	49
Vilce pagasts	Jelgava	-0.164	-0.444	-0.651	31	41	50
Eleja pagasts	Jelgava	-0.094	-0.785	-0.702	29	57	51
Viesturi pagasts	Bauska	-0.188	-0.618	-0.703	33	49	52
Kalns pagasts	Jekabpils	-0.667	-0.873	-0.732	59	60	53
Valle pagasts	Aizkraukle	-0.628	-0.480	-0.736	57	43	54
Daudzese pagasts	Aizkraukle	-0.532	-0.708	-0.741	53	54	55
Svitene pagasts	Bauska	-0.548	-1.044	-0.741	55	67	56
Garsene pagasts	Jekabpils	-1.106	-0.544	-0.778	75	46	57
Krimunas pagasts	Dobele	-0.858	-1.024	-0.821	61	64	58
Annenieki pagasts	Dobele	-0.558	-0.870	-0.842	56	59	59
Ile pagasts	Dobele	-0.864	-1.026	-0.855	63	65	60
Selpils pagasts	Jekabpils	-0.641	-1.294	-0.860	58	77	61
Tervete novads	Dobele	-0.467	-0.763	-0.892	50	56	62
Bene pagasts	Dobele	-0.921	-1.055	-0.900	68	68	63
Zebrene pagasts	Dobele	-0.412	-0.955	-0.912	44	63	64
Sesava pagasts	Jelgava	-0.317	-0.491	-0.933	40	44	65
Sece pagasts	Aizkraukle	-1.051	-1.034	-0.950	72	66	66
Vipe pagasts	Jekabpils	-1.559	-1.148	-0.977	87	72	67
Sauka pagasts	Jekabpils	-0.697	-1.555	-1.001	60	86	68
Pilskalne pagasts	Aizkraukle	-1.283	-1.464	-1.015	81	82	69
Vitini pagasts	Dobele	-1.125	-1.173	-1.068	76	73	70
Kurmene pagasts	Aizkraukle	-0.902	-0.711	-1.069	66	55	71
Davini pagasts	Bauska	-0.885	-0.942	-1.138	64	62	72
Kukas pagasts	Jekabpils	-1.210	-1.087	-1.153	80	70	73
Dobele pagasts	Dobele	-0.892	-1.079	-1.203	65	69	74
Irsi pagasts	Aizkraukle	-1.162	-1.285	-1.259	79	75	75
Biksti pagasts	Dobele	-0.919	-0.933	-1.263	67	61	76
Vietalva pagasts	Aizkraukle	-1.740	-1.621	-1.279	91	87	77
Sunakste pagasts	Aizkraukle	-1.090	-1.254	-1.294	74	74	78
Zalve pagasts	Aizkraukle	-0.863	-1.745	-1.302	62	90	79
Atasiene pagasts	Jekabpils	-1.818	-1.357	-1.355	93	80	80
Mezare pagasts	Jekabpils	-1.142	-1.354	-1.433	77	79	81
Variesi pagasts	Jekabpils	-1.731	-1.553	-1.508	90	85	82
Rite pagasts	Jekabpils	-1.072	-1.287	-1.515	73	76	83
Nereta pagasts	Aizkraukle	-1.012	-1.815	-1.521	71	91	84
Leimani pagasts	Jekabpils	-1.747	-1.725	-1.527	92	89	85
Viesite town/r.a.	Jekabpils	-1.377	-1.376	-1.533	84	81	86
Dunava pagasts	Jekabpils	-1.502	-1.720	-1.543	86	88	87
Zasa pagasts	Jekabpils	-1.325	-1.346	-1.575	83	78	88
Akniste town/r.a.	Jekabpils	-1.616	-1.553	-1.638	89	84	89
Barbele pagasts	Bauska	-1.147	-1.138	-1.656	78	71	90
Dignaja pagasts	Jekabpils	-1.431	-1.546	-1.872	85	83	91
Elksni pagasts	Jekabpils	-1.604	-1.910	-2.032	88	92	92
Ukri pagasts	Dobele	-1.293	-2.155	-2.262	82	94	93
Rubene pagasts	Jekabpils	-2.315	-2.139	-2.550	94	93	94
Asare pagasts	Jekabpils	-2.453	-3.286	-2.738	95	95	95

Table 38. Development index and ranking of towns, rural municipalities and counties of Zemgale planning region according to data of 2003-2005.

Difference between the lowest and the highest figure of demographic burden in the town group of Zemgale planning region was 1.3 times, while in rural municipality group – 1.9 times.

Population change

The number of population decreased in Zemgale planning region from the beginning of 2001 till the beginning of 2006 by 2.1% – slightly less than in the country in general (2.9%). There are vast differences monitored in respect to the population changes in the towns and rural municipalities of Zemgale district – the number of population in local governments of the town group has during the five year period reduced by only 0.9% on average, while in rural municipality group territories – by 3.2% on average. The respective averages in the country in general during this period of time were -2.9% and -3.1%.

During the last five years the number of population in Zemgale region decreased in urban areas by 1.4, and in rural areas – by 4.7 thousand. During this

period out of 11 towns in the region the number of population increased in Jelgava only – by 2.4% and in Jaunjelgava – by 1.3%. However, in terms of numbers this is almost two times less than the total figure of population decrease in all the towns of Zemgale region. The number of population in rural areas increased in 19 out of 84 rural municipalities and rural counties of the region. Within the five year period the most significant population growth has been recorded in Svete rural municipality of Jelgava district – by 8.3%, Auri rural municipality of Dobele district – by 6.9%, Mazzalve rural municipality of Aizkraukle district – by 2.9%. Growth of population has been monitored in 7 local governments of Jelgava district, in 6 – of Aizkraukle district, in 3 – of Bauska district, in 2 – of Jekabpils district and in Auri rural municipality of Dobele district.

In Zemgale region within the period from 2001 till the beginning of 2006 the largest decrease in population has been monitored in the town group in Viesite with the rural territory – by 9.1% and in Akniste with the rural territory – by 7.8%, while in the rural municipality group – in Ukri rural municipality of Dobele district – by 19.7%, in Dunava rural municipality and in Leimani rural municipality of Jekabpils district – by 14.0% and 13.8%, respectively.

Development index of region territories

According to data of 2005 the first place, as well as according to the data of 2004, in the development index ranking of Zemgale planning region, is occupied by the present leader in the list – Jelgava city – the value of development index is 0.904. Further down in the top section of the ranking list the dominating are the rural municipalities of Jelgava and Aizkraukle districts – Aizkraukle county and Serene rural municipality of Aizkraukle district, Ozolnieki county of Jelgava district, Valgunde rural municipality, Svete rural municipality, Gluda rural municipality and Jaunsvirlauka rural municipality. Overall the development index in Zemgale region has a positive value in 17 out of 95 local governments – in 18% of the total number of rural municipalities.

Among the territories of Zemgale region the largest part of local governments with the lowest development index figures are located in Jekabpils district – 8 out of the 10 final rural municipalities and towns in the ranking list. The final place in the ranking list by development index is in 2003, 2004 and in 2005 occupied by Asare rural municipality of Jekabpils district – index value according to the data of 2005 is 2.738. Among the territories with the lowest development index values also the following rural municipalities are included: Ukri rural municipality of Dobeles district, Barbele rural municipality of Bauska district, Leimani rural municipality of Jekabpils district, Nereta rural municipality of Aizkraukle district. The lowest development index is recorded among the town group of Zemgale district in Akniste with the rural territory (see Table 38 and Figure 39).

In many rural municipalities of Zemgale region a certain improvement of the situation is monitored. During the three year period – comparing year 2003 with 2005, the largest increase in the value of development index has been monitored in Mazzalve rural municipality of Aizkraukle district followed by a rise in the ranking list from 49th to 19th place, Vipe rural municipality of Jekabpils district – from 87th to 67th place, and in Krustpils rural municipality – from 69th to 45th place.

Significant rise in the development index is also present in Ceraukste rural municipality of Bauska district – from 42nd to 20th place, Aiviekste rural municipality of Aizkraukle district – from 52nd to 31st place, Berze rural municipality of Dobeles district – from 45th to 28th place.

During the period of 2003–2005 the development index figure has changed from negative to positive only in Koknese rural municipality of Aizkraukle district. Whereas, the opposite development index change has taken place in 9 local government territories of Aizkraukle, Bauska and Jelgava districts. This trend which is called negative is rather associated with a relatively high increase in the index value in Jelgava – the largest town in the region.

Within the town group significant rise in the development index and movement upwards in the ranking list is present in Kalnciems with the rural territory – from 70th to 40th place, and in Dobeles – from 17th to 9th place, while Jaunjelgava with the rural territory and Plavinas are distinguished with the highest decline in the development index and the turnaround from positive to negative – from 14th to 44th place and from 23rd to 39th place, respectively.

Among the territories with a decrease in the development index Zebrene rural municipality of Dobeles district is included, followed as a result by a fall in the ranking list from 44th to 64th place, Eleja rural municipality of Jelgava district – from 29th to 51st place, Zalve rural municipality of Aizkraukle district – from 62nd to 79th. The value of the development index was significantly reduced also for Asare rural municipality of Jekabpils district, final in the ranking list, although the local government did not move down in the ranking list.

Comparing the highest and the lowest values for each basic development index among the planning regions, and summarising the differences, it is seen in Table 39 that in 2005 the largest differences in the town group by unemployment rate were present in Latgale region, by amount of individual income tax per capita – equal in Riga and Vidzeme region, while by the level of demographic –burden – in Riga region. In rural municipality group, however, the largest differences by both the rate of unemployment and the amount of individual income tax per capita have been recorded in Riga region, while by the level of demographic burden – in Zemgale region.

Planning region		Unemployment rate		Personal income tax per person		Demographic burden	
		2003	2005	2003	2005	2003	2005
Kurzeme region	Cities and towns	3.9	3.4	3.0	2.7	1.6	1.4
	Rural municipalities	5.9	6.0	4.8	3.8	1.7	1.8
Latgale region	Cities and towns	3.2	4.6	4.8	2.8	1.4	1.4
	Rural municipalities	5.2	5.6	6.0	3.9	1.8	1.8
Riga region	Cities and towns	4.1	2.3	3.4	2.8	1.8	1.9
	Rural municipalities	6.2	10.8	7.0	5.3	1.7	1.6
Vidzeme region	Towns	4.1	2.9	2.6	2.6	1.4	1.4
	Rural municipalities	11.0	7.5	7.0	5.3	2.1	1.8
Zemgale region	Cities and towns	2.6	3.1	2.3	2.0	1.4	1.3
	Rural municipalities	5.9	6.3	5.2	3.7	1.8	1.9

Table 39. Differences between highest and lowest figures in town groups and rural municipality groups in 2003 and 2005, by factor.

During the period of 2003–2005 there is a trend for elimination of disparities, while in regard to employment the differences have significantly increased in the rural municipality group of Riga region and in the town group of Latgale region.

Development index of the region territories cannot replace the territory development index estimated pursuant to the principle of the following uniform groups: rural municipalities, towns and regions. Development index of the region territories is intended for analysis of towns, counties and rural municipalities within the scope of the region, for description of disparities in development in the town group and in the rural municipality group of the region. This could provide additional information for decision-taking in finding solutions to regional planning issues.

Analysis of development levels of the regions carried out within this overview only provides a general insight in the current situation of local government territories of the planning regions. For further analysis of differences in socio-economic development of the regions and for more comprehensive analysis of the causes, additional data including both quantitative and qualitative indicators are required. They could be obtained from local government surveys and within the scope of individual topical research projects about the territory development processes in regions.

TERRITORIAL CONTRIBUTION OF EUROPEAN UNION STRUCTURAL FUNDS

After accession to the European Union (EU) there are wide opportunities opened for Latvia regarding the acquisition of the assets of EU structural funds*. Structural funds are the main financial instrument for elimination of the most unfavourable regional disparities in respect to socio-economic development among both the member states and the regions within the countries. Financing of the European Union may considerably affect the development of different branches and areas of activity in specific territories as well as to promote the economic growth of the overall territory and the quality of life for the people.

The 2004–2006 programming period for the structural funds has been finalised, which is not a full programming period (7 years), however, the financial contribution assessment can be started.

As it is proven by the data from the Annual Implementation Report of the EU Structural Funds the amount of financing available to Latvia for the period of 2004–2006 is 625.5 million euro (438.7 million lats). By the end of 2006 there were 96% or 420 million lats used from the total amount of structural fund financing available to Latvia.

Distribution of the ESF assets by regions confirm the idea that ‘... distribution of the absolute amount of financing indicates that there is a correlation between the total amount of financing available and the financing raised – the higher the level of socio-economic development in the territory, the higher the amount of financing raised**’. By arranging the regions according to the amount of ESF investment it can be seen that the ranking of Riga, Kurzeme and Latgale regions in this case coincide with their ranks in respect to socio-economic development (according to the territory development index) (1st, 3rd and 5th place, respectively). Vidzeme region and Zemgale region constitute exceptions.

Vidzeme region uses the third largest amount of ESF financing per 1 000 inhabitants, whereas in terms of socio-economic development (by development index) ranks fourth, and Zemgale region, however, ranks third according to the development index, while according to the amount of financing acquired per 1 000 inhabitants it is in the fourth place.

Estimated per 1 000 inhabitants, the largest amount of ESF financing is focussed for use in Riga region, while the smallest – in Latgale region (see Figure 40).

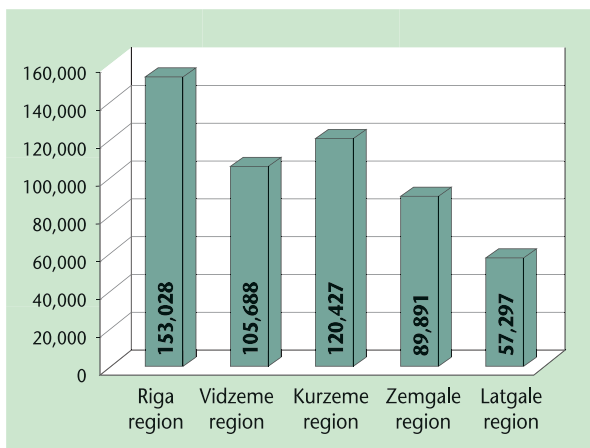


Figure 40. Financing from EU Structural Funds per 1 000 inhabitants in planning regions in 2004–2006 (Ministry of Finance data)

Contribution of the EU SF in Latgale region is almost three times smaller than in Riga region. This indicator differs considerably from the figures for

* ERDF – European Regional Development Fund, ESF – European Social Fund, EAGGF – European Guidance and Guarantee Fund, FIFG – Financial Instrument for Fisheries guidance

** ‘Impact Assessment of European Union Structural Funds on Regional Development in Latvia’. Topical assessment of European Union Structural Funds, COWI, A/S, Dea Baltika, SIA, PKC, SIA, Riga, 2006

Kurzeme region (two times smaller), from Vidzeme region – 1.8 times smaller and from Zemgale region – 1.6 times smaller.

According to the number of projects per 1 000 inhabitants the planning regions in Latvia may be arranged as follows: the largest number of projects per 1 000 inhabitants in the period of 2004–2006 was present in Vidzeme region (3.61), followed by Kurzeme region (2.78), Zemgale region (1.79 projects). Latgale region ranks fourth (1.69 projects per 1 000 inhabitants), the figure is lower only in Riga region (1.02 projects). By analysing the number of projects in relation to the EU SF financing differences according to the size of projects may be distinguished. The average amount of financing per project in Riga region exceeds that of other regions 3–5 times.

The structure of contribution from the EU SF is different in each region. The largest percentage from the total contribution of the EU SF assets in four regions belongs to the funds of ERDF. Zemgale region constitutes an exception where the highest percentage is contributed by EAGGF. Vidzeme region has the second highest percentage of EAGGF assets from the total EU SF financing. It is logical that the largest amount of contribution from FIFG is in Kurzeme region as there are two of the three country’s largest ports situated in Kurzeme – Ventspils and Liepaja, as well as several small ports. The smallest contribution from FIFG was invested in Zemgale region (see Figure 41).

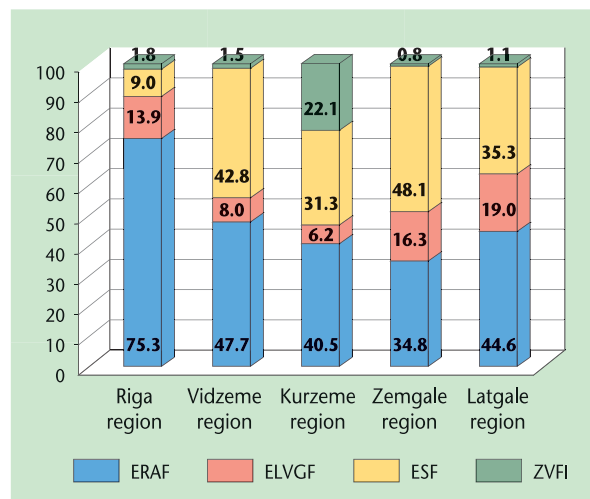


Figure 41. Percentages of contribution from EU Structural Funds per 1 000 inhabitants in planning regions in 2004–2006 (estimated according to Ministry of Finance data)

Currently the largest amount of government investment is associated with acquisition of the EU structural funds. Unfortunately, during this programming period (2004–2006) the activities included in the National Development Plan of Latvia are not sufficiently linked to the regional policy and the regional development in Latvia. Compliance with the aspects of regional development has not been completely secured. EU funds are being invested in more developed regions as it is possible to gain return on investment faster in this way. Excessive influx of population in the developed centres is taking place while the rest of the territory will remain unpopulated, the disparities will grow larger and this will impede the overall country development. From the perspective of a more balanced state development funds shall be allocated to a greater extent to more underdeveloped territories by planning and implementing such industries and areas of activity also at the territory level.

Implementation of the structural funds will lay an impact on cohesion and elimination of regional disparities and on territory development, however, as it is forecasted by experts, the topical assessment of EU SF will be seen only 2–4 years after the period end.

CONCLUSION

In the period under review the territorial development trends have remained the same as in previous years. Based on statistical data and having compared the regions with the highest and the lowest socio-economic indicators it can be found that the differences are growing not only among the regions, but also among other territorial units.

All indicators discussed and analysed here have proven that during the five year period Riga region has become the most advanced, while Latgale region – the least advanced region. The difference between the development index of Riga region and Latgale region has increased from 2.174 percentage points in 2001 to 2.348 percentage points in 2005.

Positive trends have been outlined by such indicators as non-financial investment and amount of individual income tax per capita where the regional differences have slightly decreased.

Economic stratification of the regions has increased a little which is proven by such indicators as GDP per capita and the number of economically active enterprises and entrepreneurial companies per 1 000 inhabitants where the regional differences have increased. GDP per capita of the least developed Latgale region is 3.1 times smaller than in Riga region.

Comparison of the five planning regions according to the main socio-economic figures over the five preceding years have proven that Riga region maintains its significant dominance over other regions. Whereas, Kurzeme region has strengthened its status as the second strongest region by having advanced closer to Riga region. Likewise Vidzeme region has according to several indicators moved ahead of Zemgale region (GDP per capita is larger, the number of economically active enterprises per 1 000 inhabitants is larger).

Although development dynamics in the indicators of Latgale region evidences a slightly positive movement it is considerably behind Riga region as well as the other regions. The rapid decrease in the number of population in Latgale region causes particularly serious concerns.

As business activity increases and, subsequently, the amount of income for the population, there is an ongoing relatively fast growth of Riga city and

other large economic centres taking place. The low living standards of the population in rural areas, the lack of financial capital and business experience has triggered the flow of most economically active inhabitants from rural areas to urban areas, and out of the country – abroad. As a result there are unpopulated rural areas developing in Latvia and economic and social concerns in both urban and rural areas are getting sharper. There is additional demand for new jobs, good quality housing and different services (education, including possibilities of pre-elementary education, availability of transport etc.) occurring in towns, whereas in rural areas as a result of migration the economic and social activity of the population along with attractiveness of the place of residence is decreasing.

Objective of the government aid programmes is often to create opportunities for economic and social development of poor or less developed territories in order to enhance the establishment of equal social and economic conditions across the whole territory of the country. Although in the Single Programming Document of the EU structural funds and the Cohesion fund for the period of 2004–2006 balanced state development was set as one of the horizontal priorities this regional policy goal has not been complied with in the process of acquisition of the structural funds as there were no criteria and principles for territorial differentiation of the aid provided in the terms and conditions for receipt of the resources that would have secured the required advantages for less developed territories in the process of receipt of the aid. Therefore, the stronger local governments acquired a larger amount of assets from the EU structural funds and the Cohesion Fund, whereas, the weakest were not capable to do it because of insufficient human resources and financial capacity. Thus, for effective implementation of the horizontal priority for balanced development specific criteria have been laid down for receipt of support in the 2007–2013 programming period for acquisition of the EU structural funds and the Cohesion Fund in compliance with the assessment of territory needs and its growth potential.

Development of regions in the future will become more and more dependent on innovation, qualification of workforce, research activities in business, and basically this will be provided by the towns of the regions.

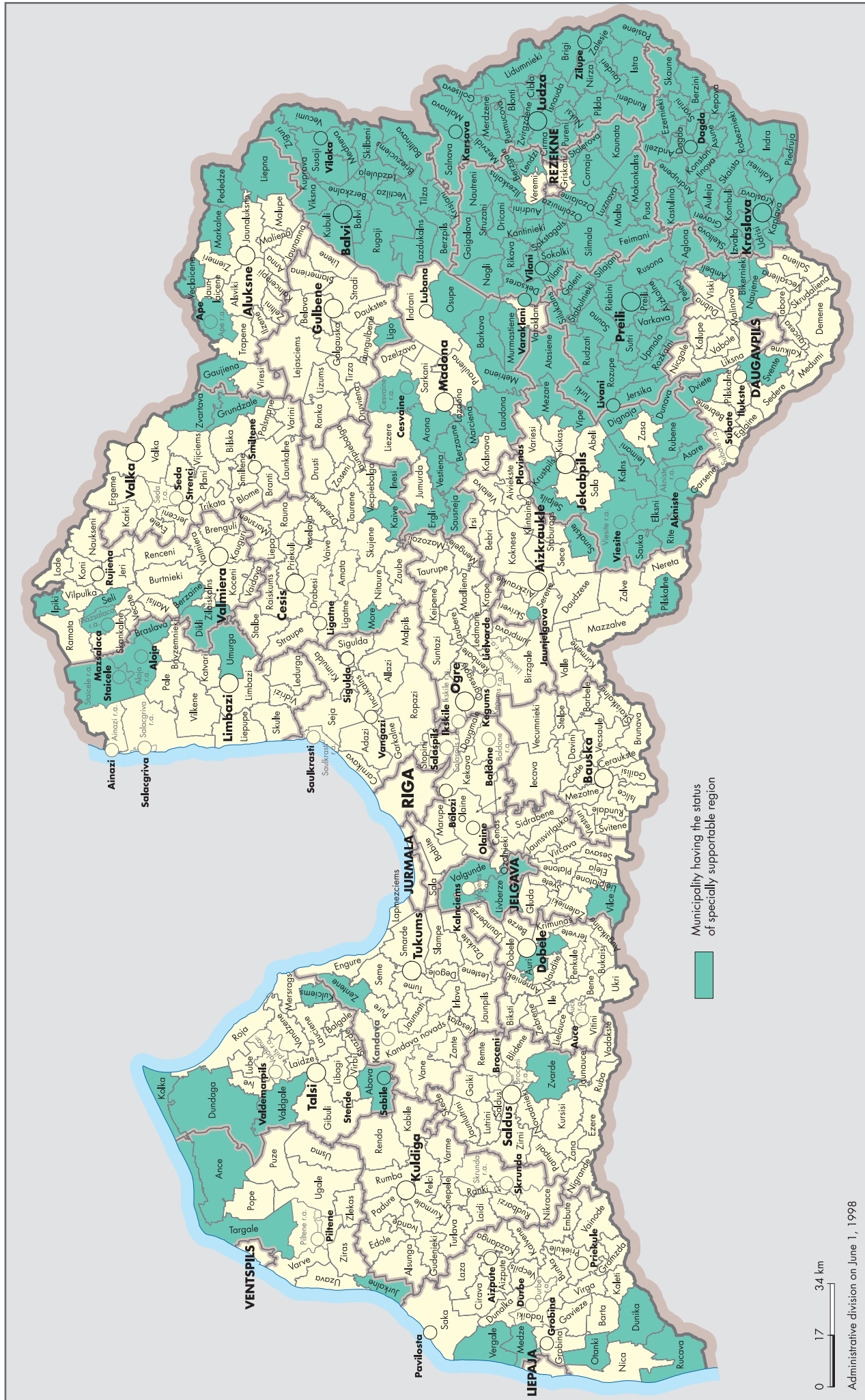


Figure 42. Regions of special support in 1998–2001 according to the Cabinet of Ministers Regulation No 263.

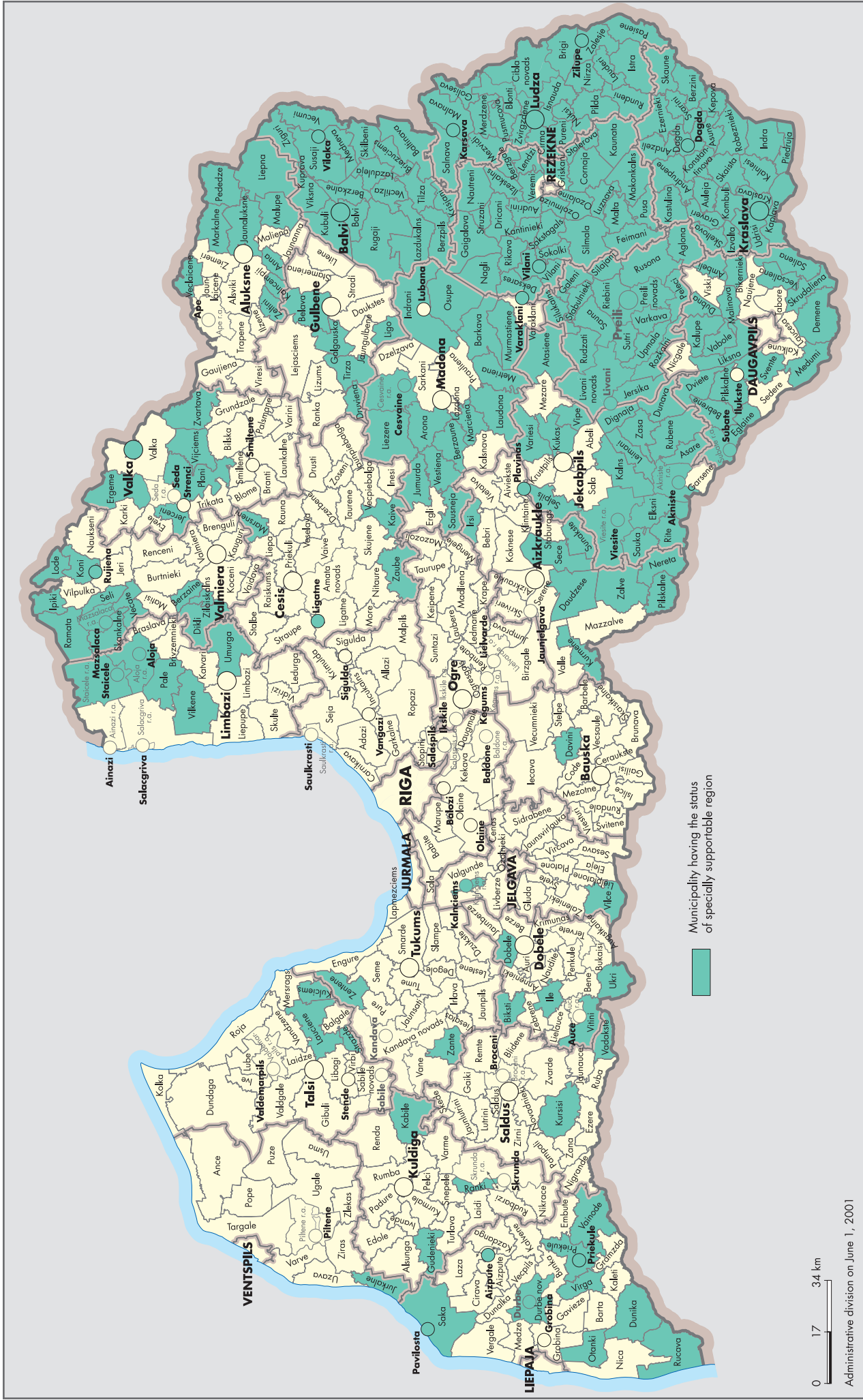


Figure 43. Regions of special support in 2001-2004 according to the Cabinet of Ministers Regulation No 325.

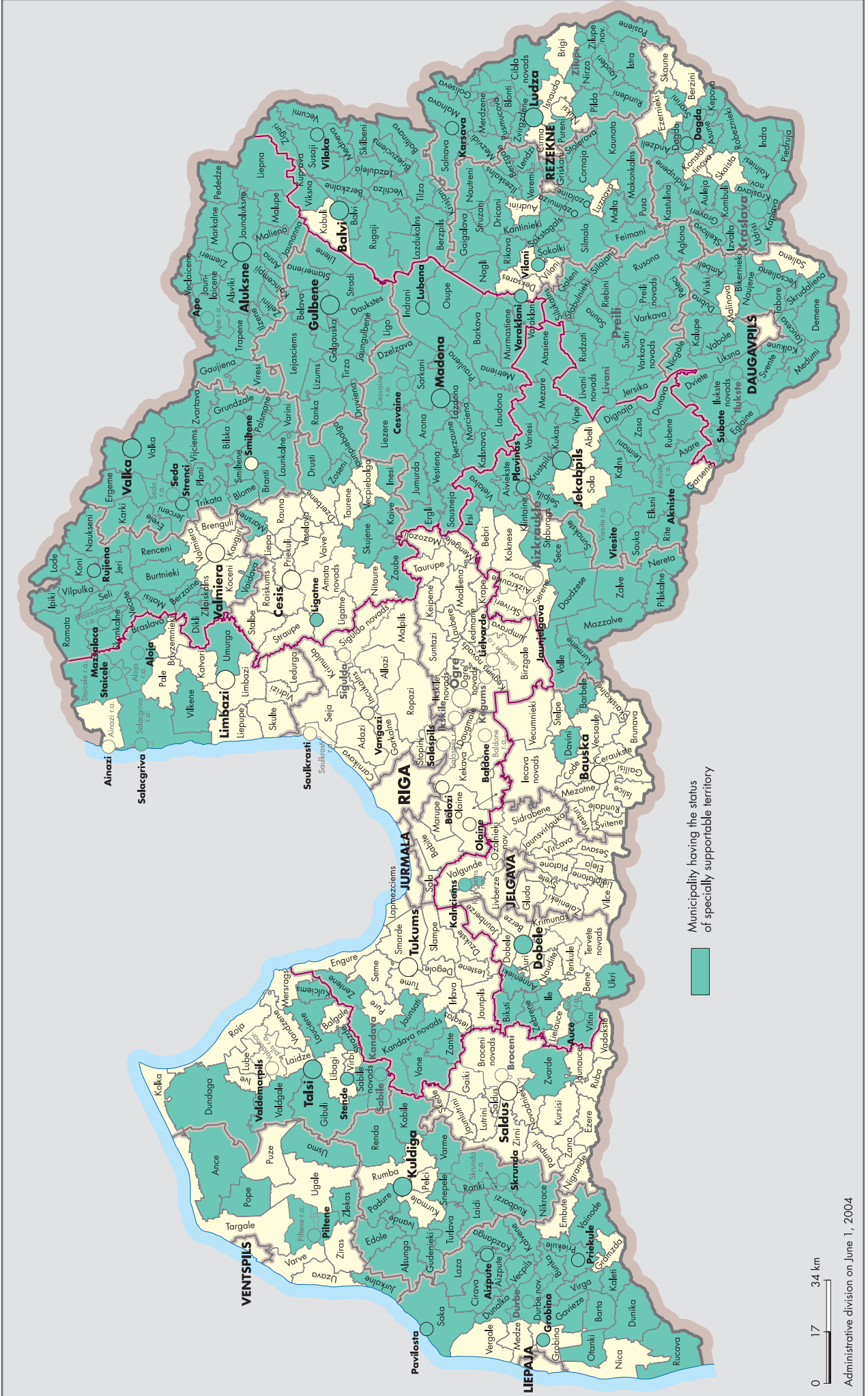


Figure 44. Regions of special support in 2004-2006 according to the Cabinet of Ministers Regulation No 637.

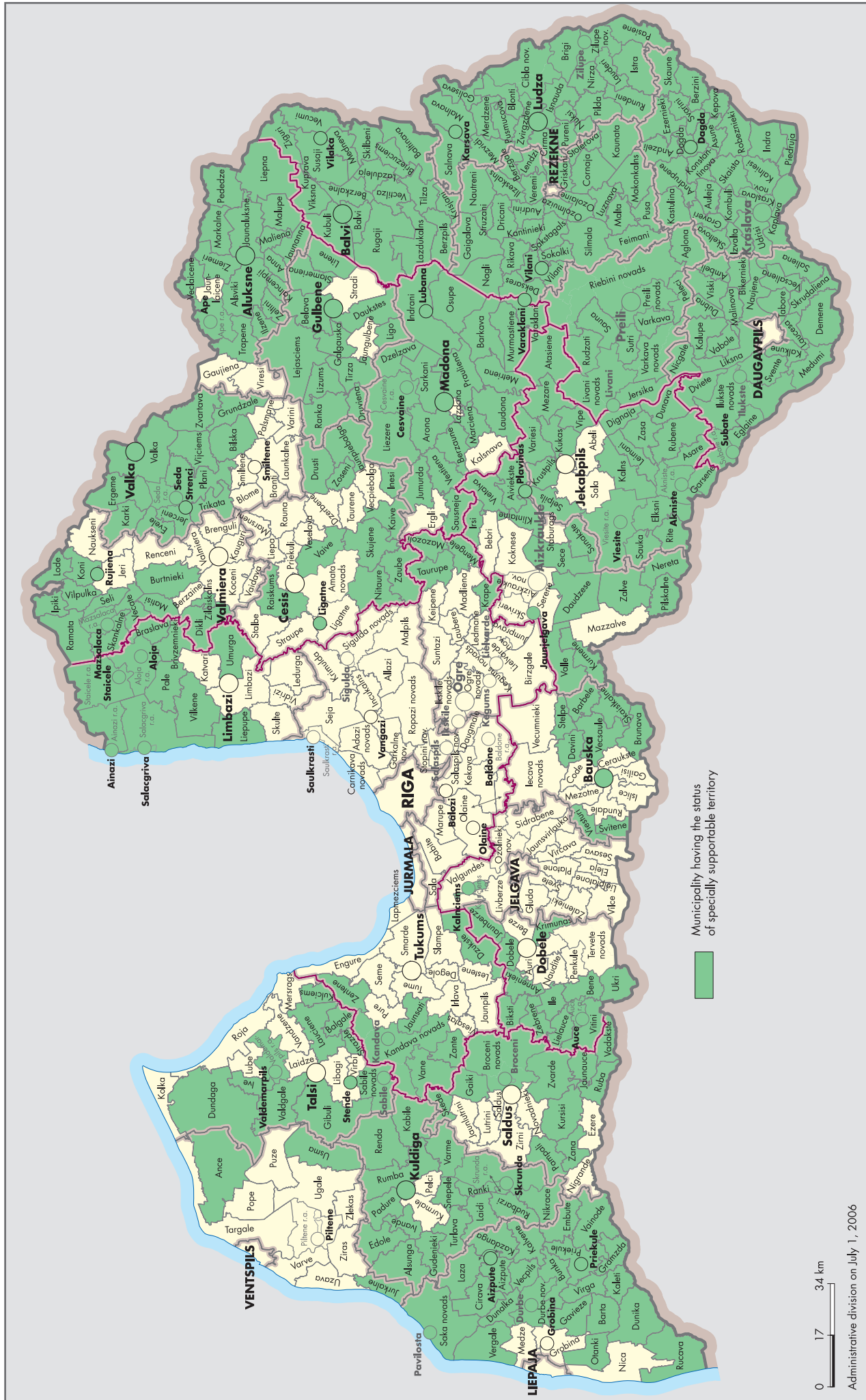


Figure 45. Regions of special support in 2007–2009 according to the Cabinet of Ministers Regulation No 637.

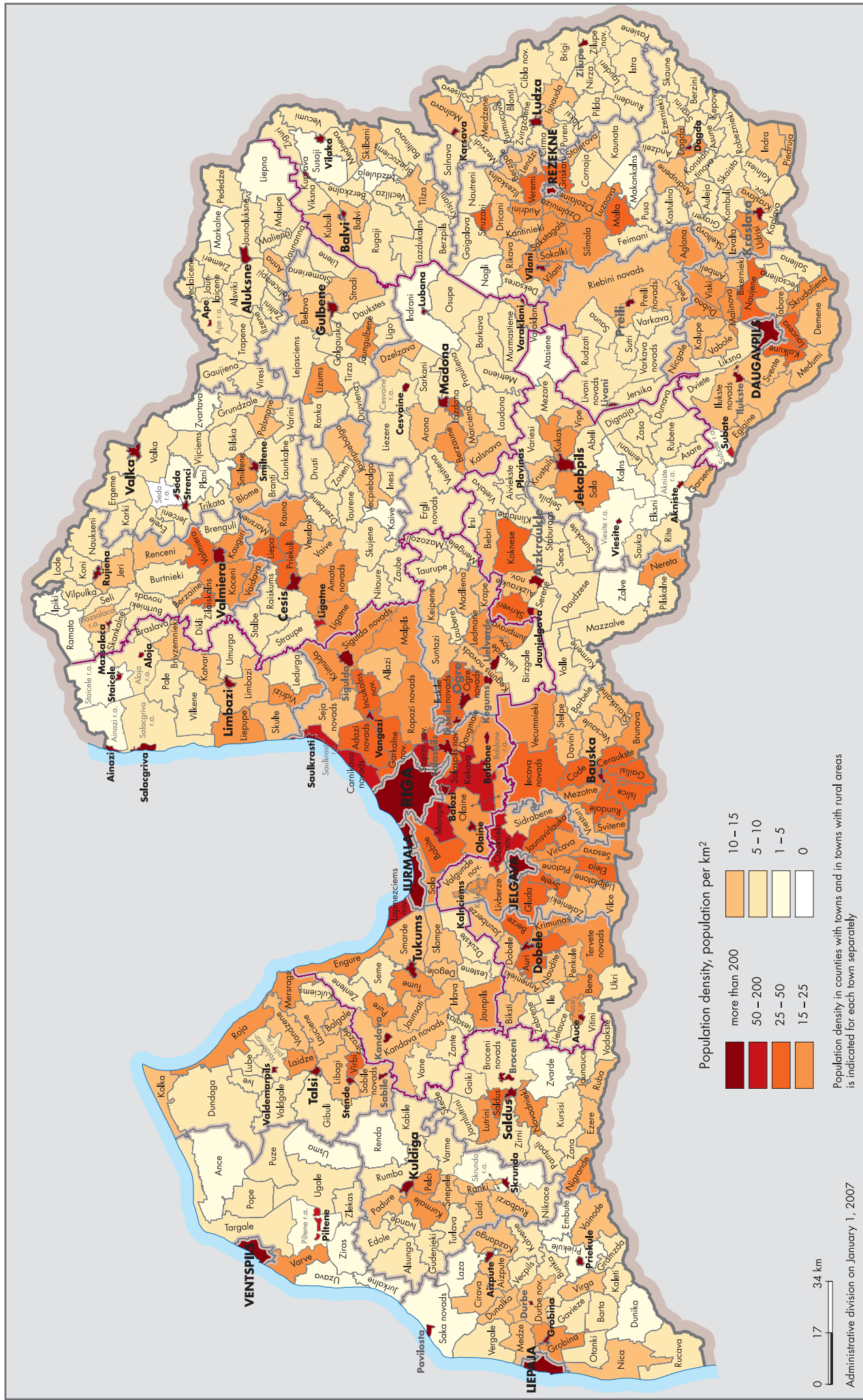


Figure 46. Population density at the beginning of 2006.

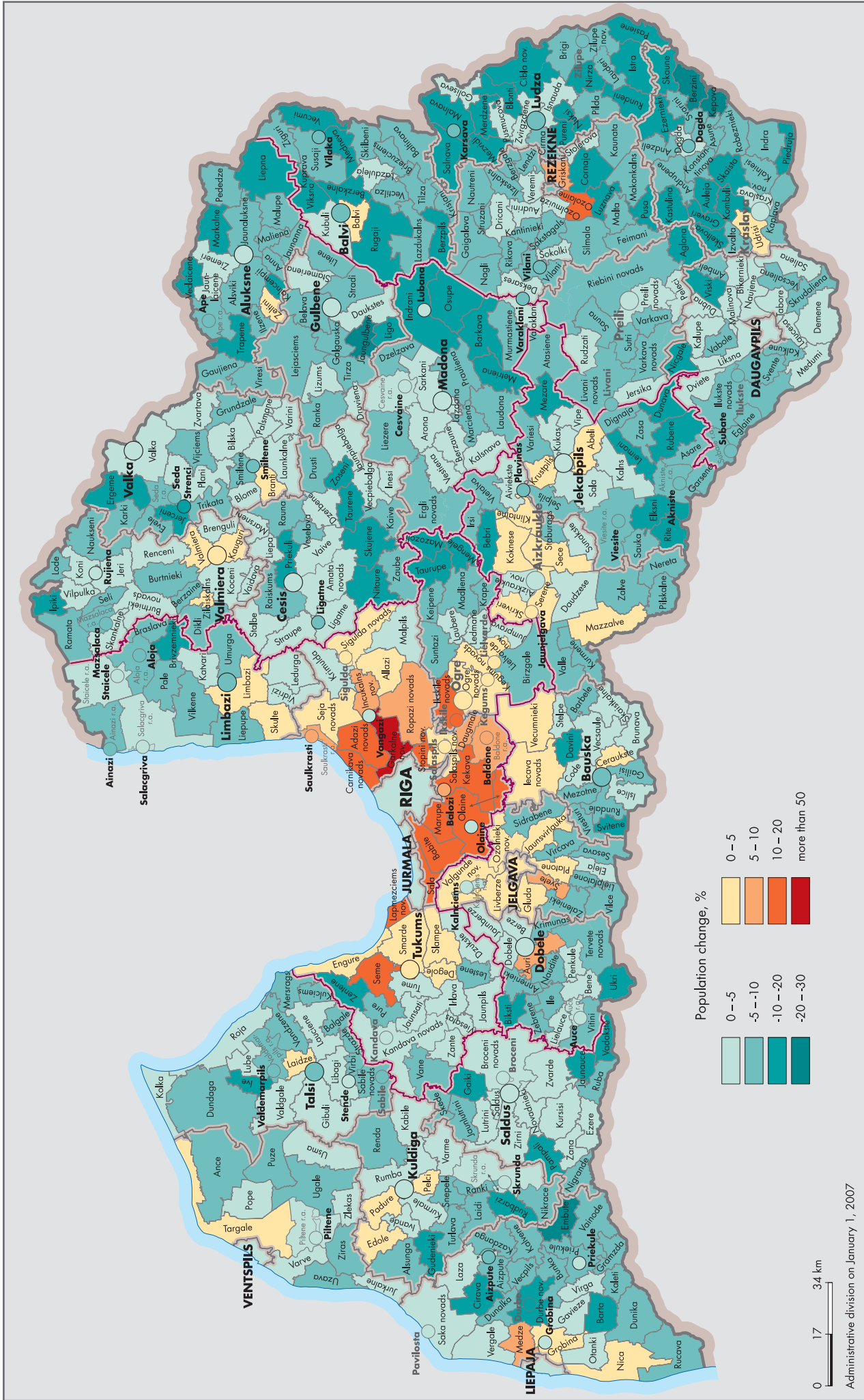


Figure 47. Dynamics of population in towns, rural municipalities and counties from 2001 till beginning of 2006.

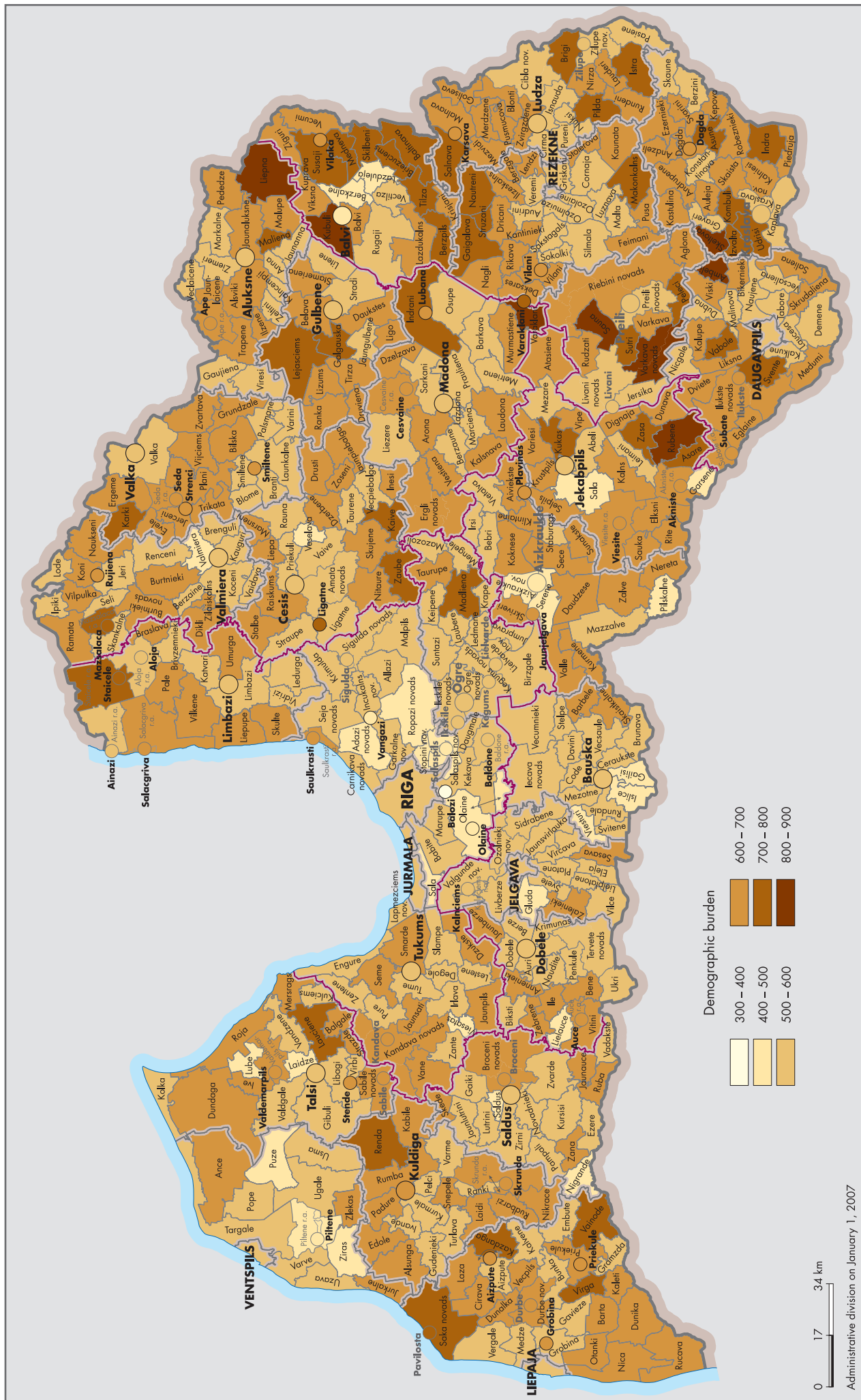


Figure 48. Level of demographic burden in towns, rural municipalities and counties at the beginning of 2006.

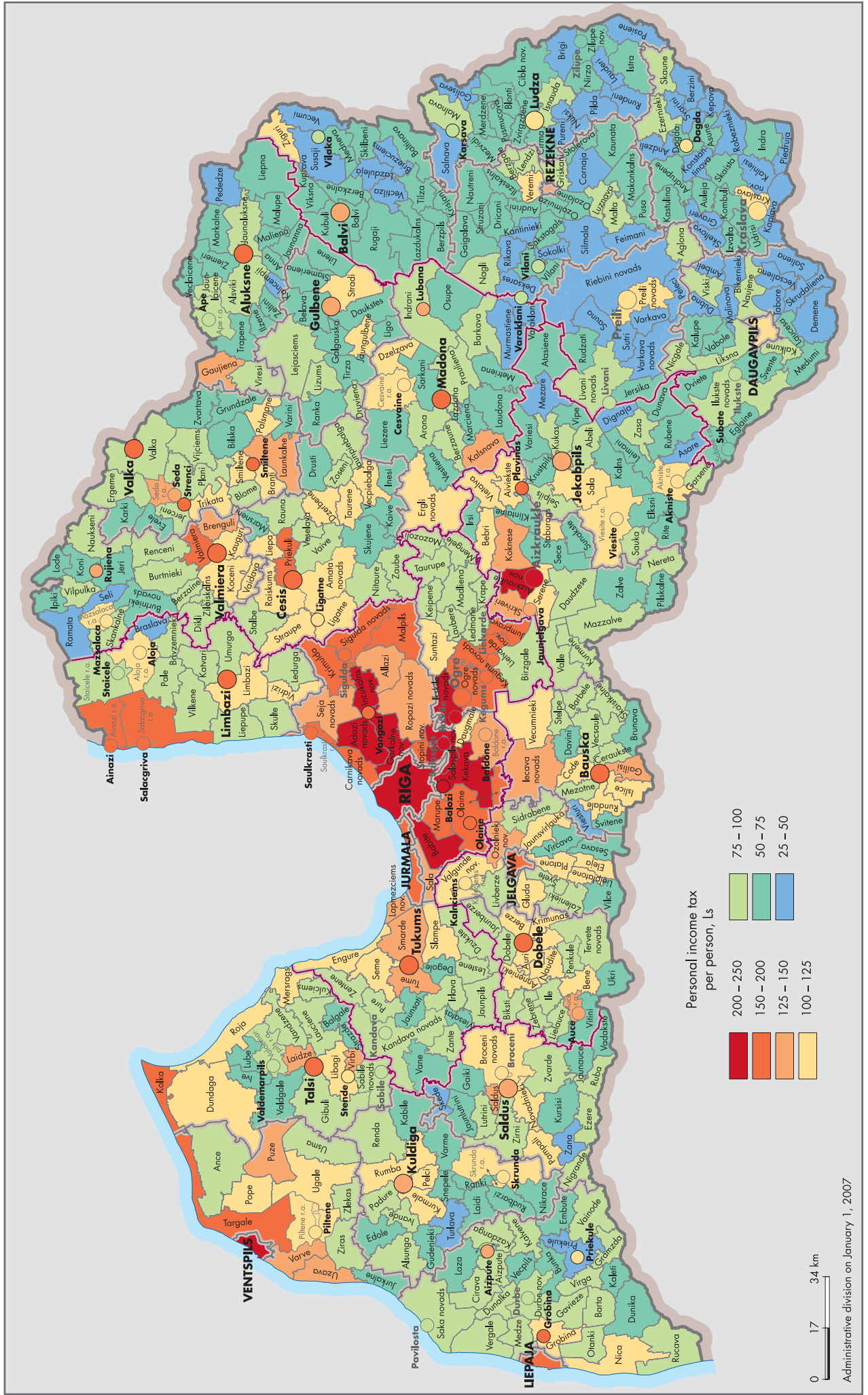


Figure 49. Amount of individual income tax payments per capita in towns, rural municipalities and counties in 2005.

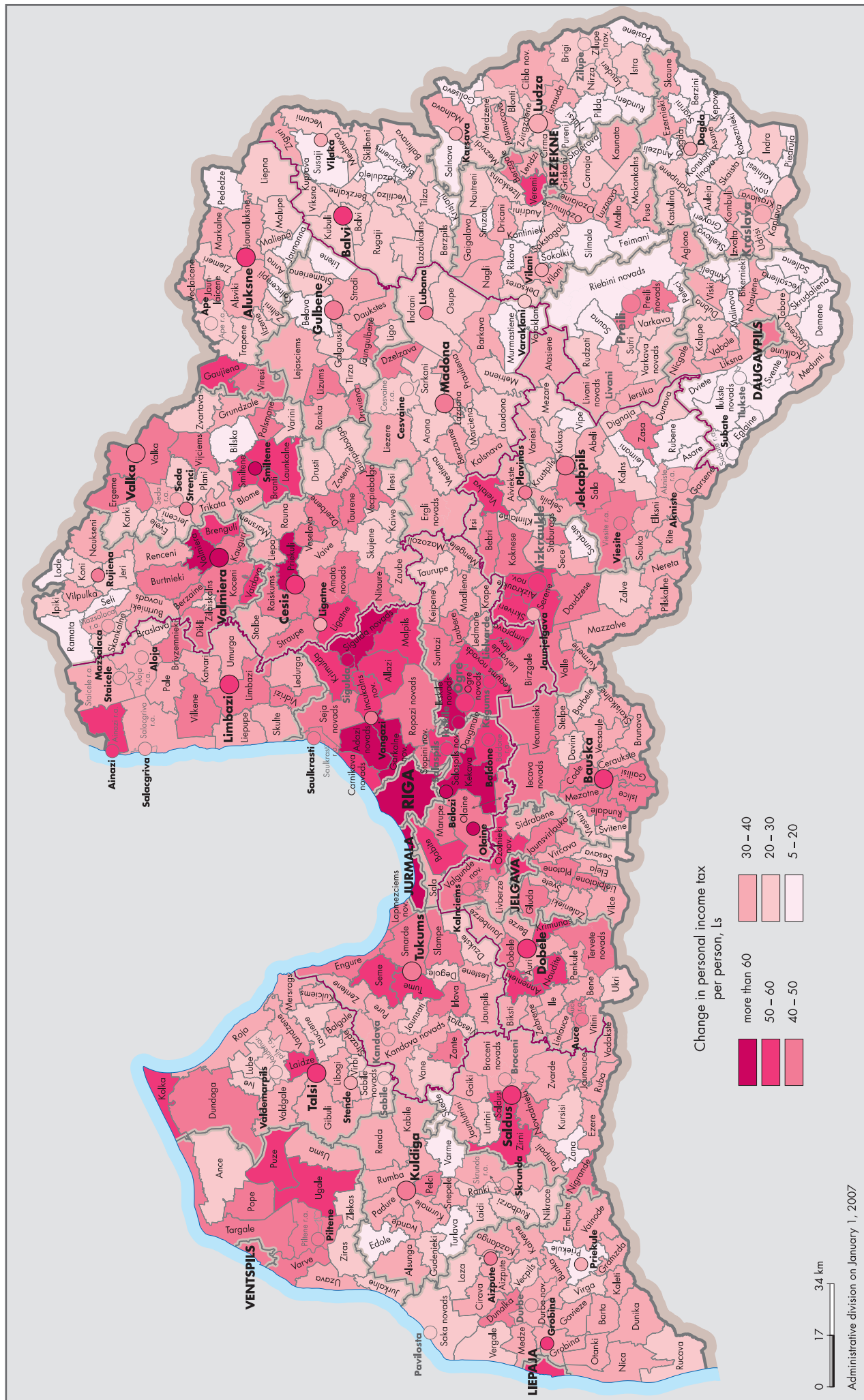


Figure 50. Change in the amount of individual income tax payments per capita in towns, rural municipalities and counties in 2005 in relation to the average figure for 2001–2004.

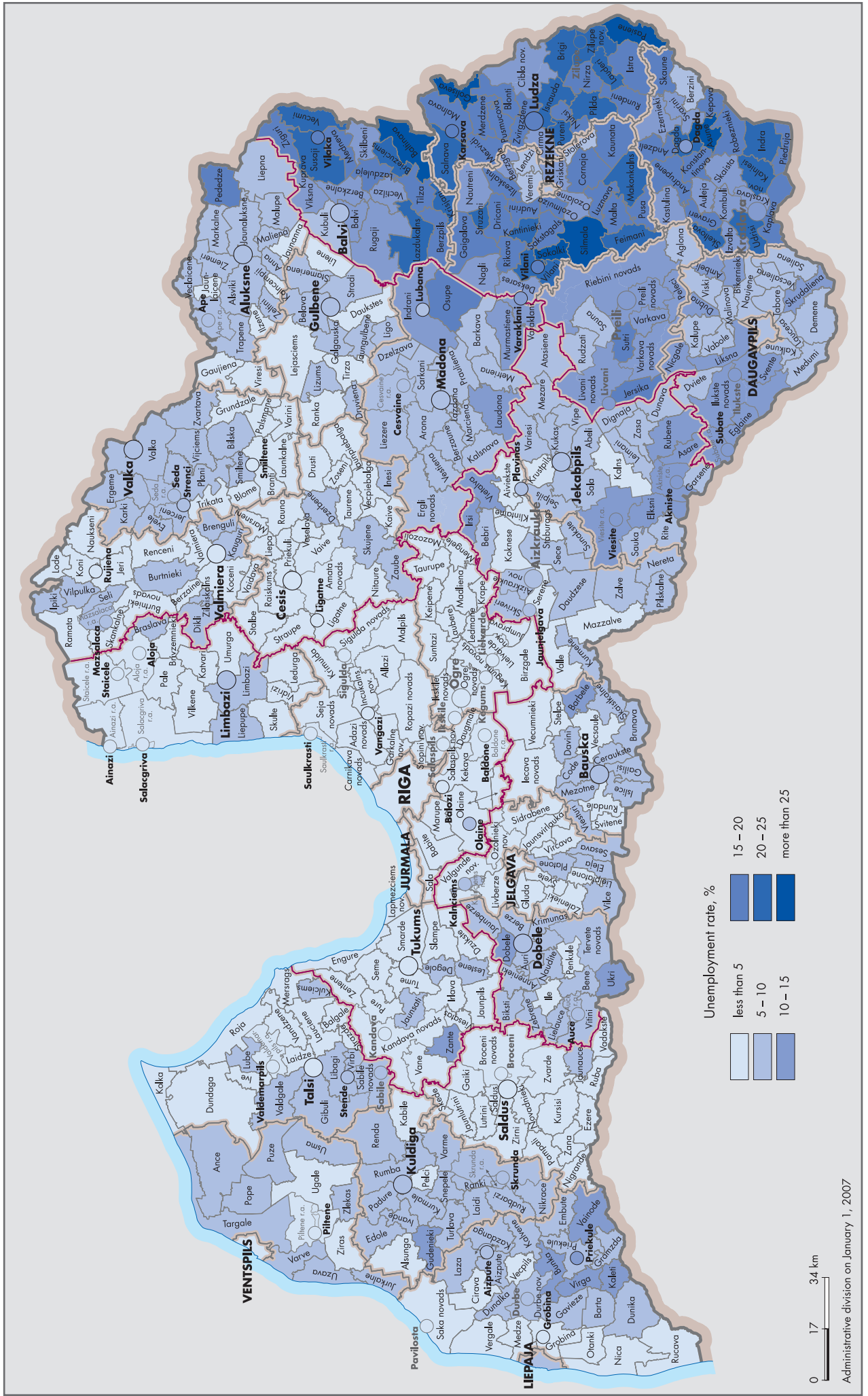


Figure 51. Unemployment rate in towns, rural municipalities and counties at the beginning of 2006.

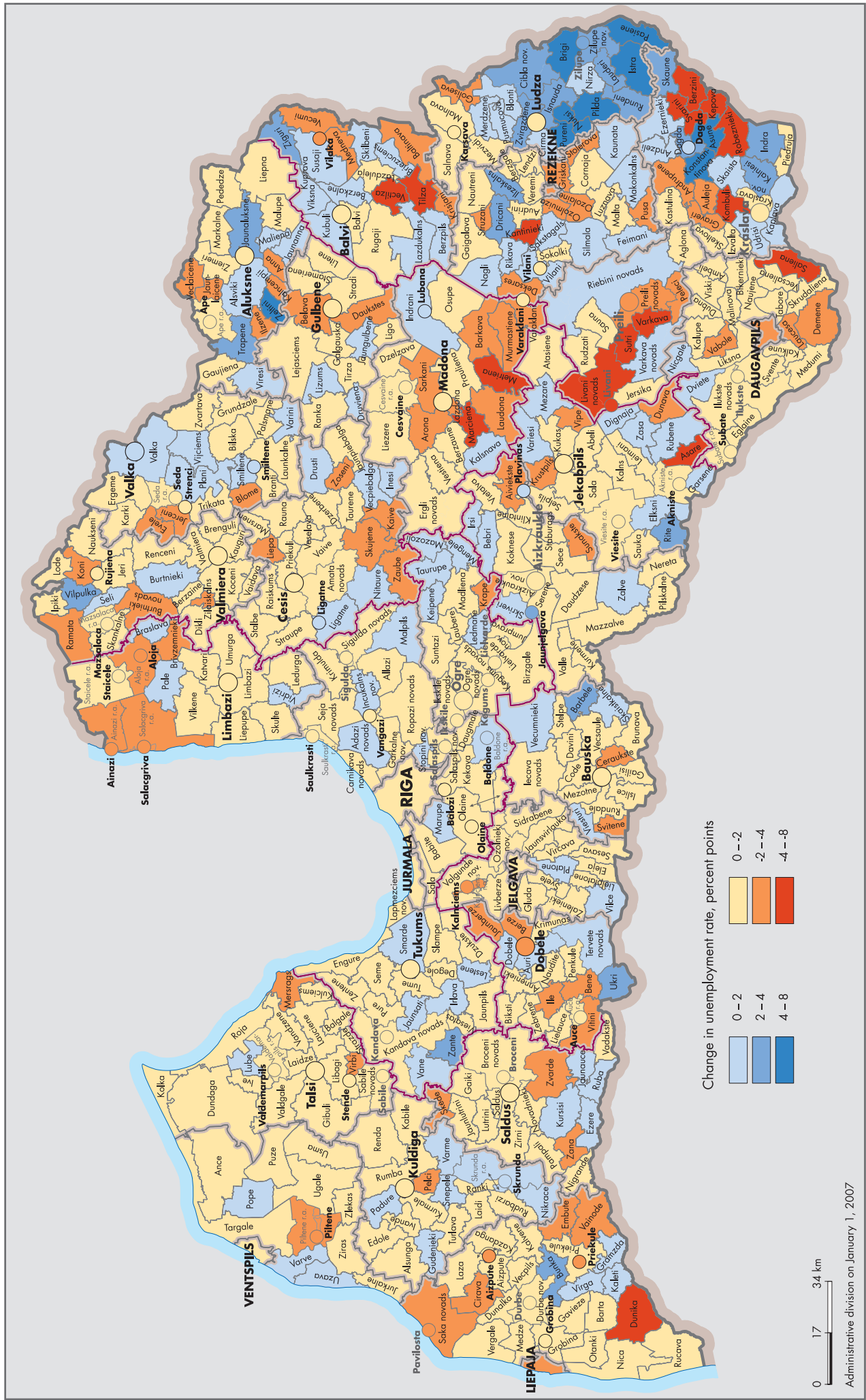


Figure 52. Change in unemployment rate in towns, rural municipalities and counties at the beginning of 2006 in relation to the average figure at the beginning of 2002-2005.

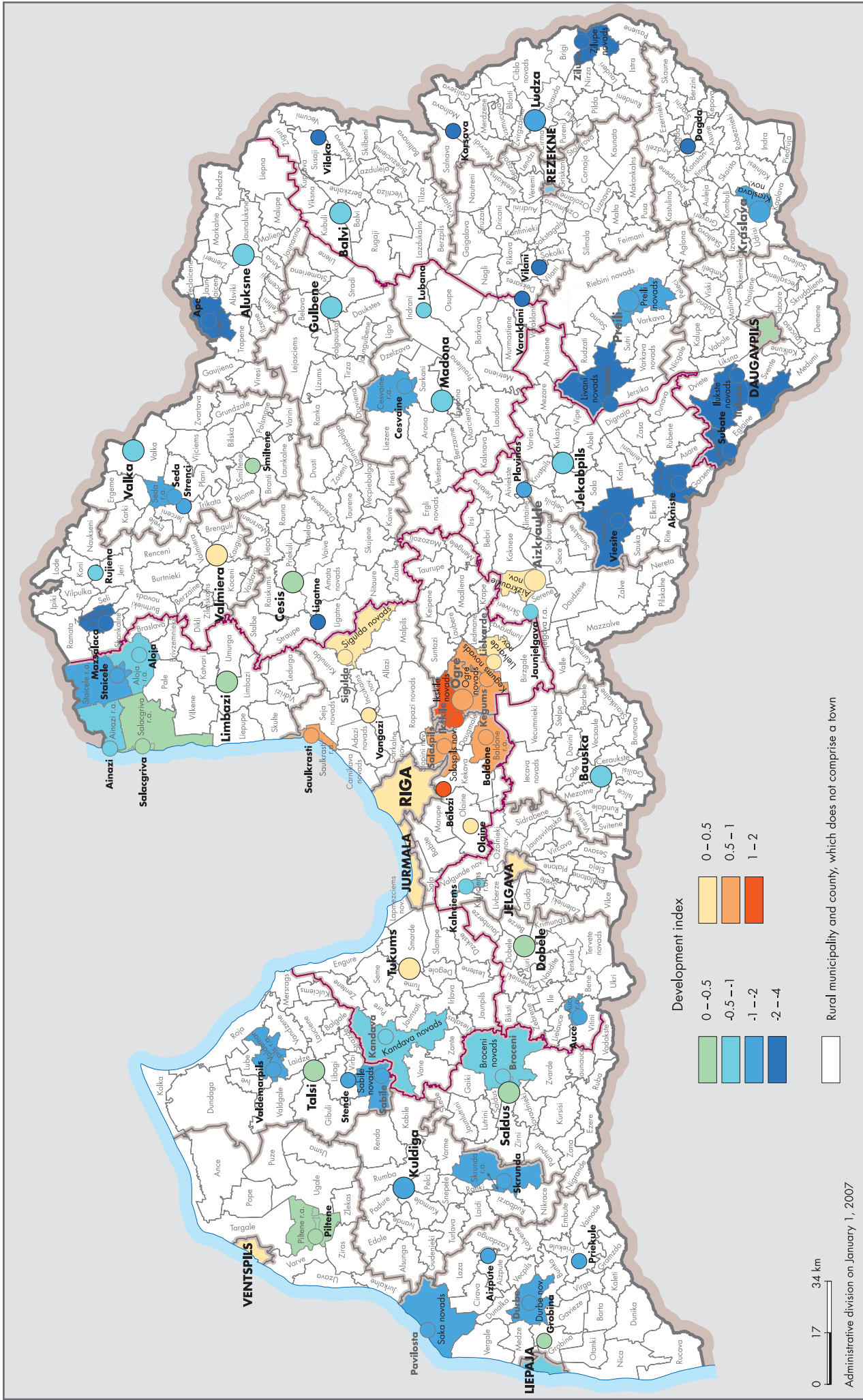


Figure 53. Development index of in local government territories of town group according to data of 2005.

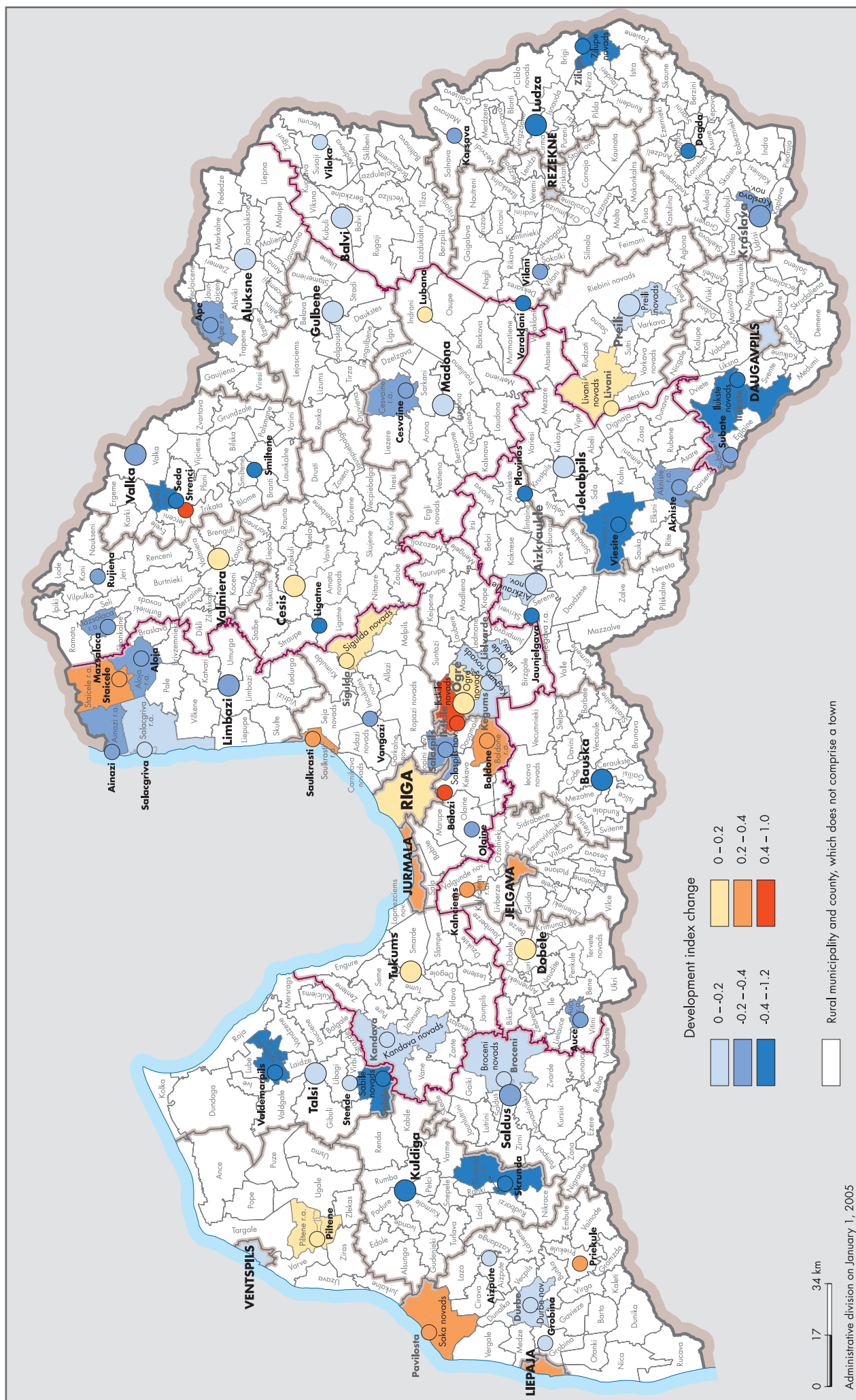


Figure 54. Development index change in local government territories of town group in 2005 in relation to the average for 2001-2004.

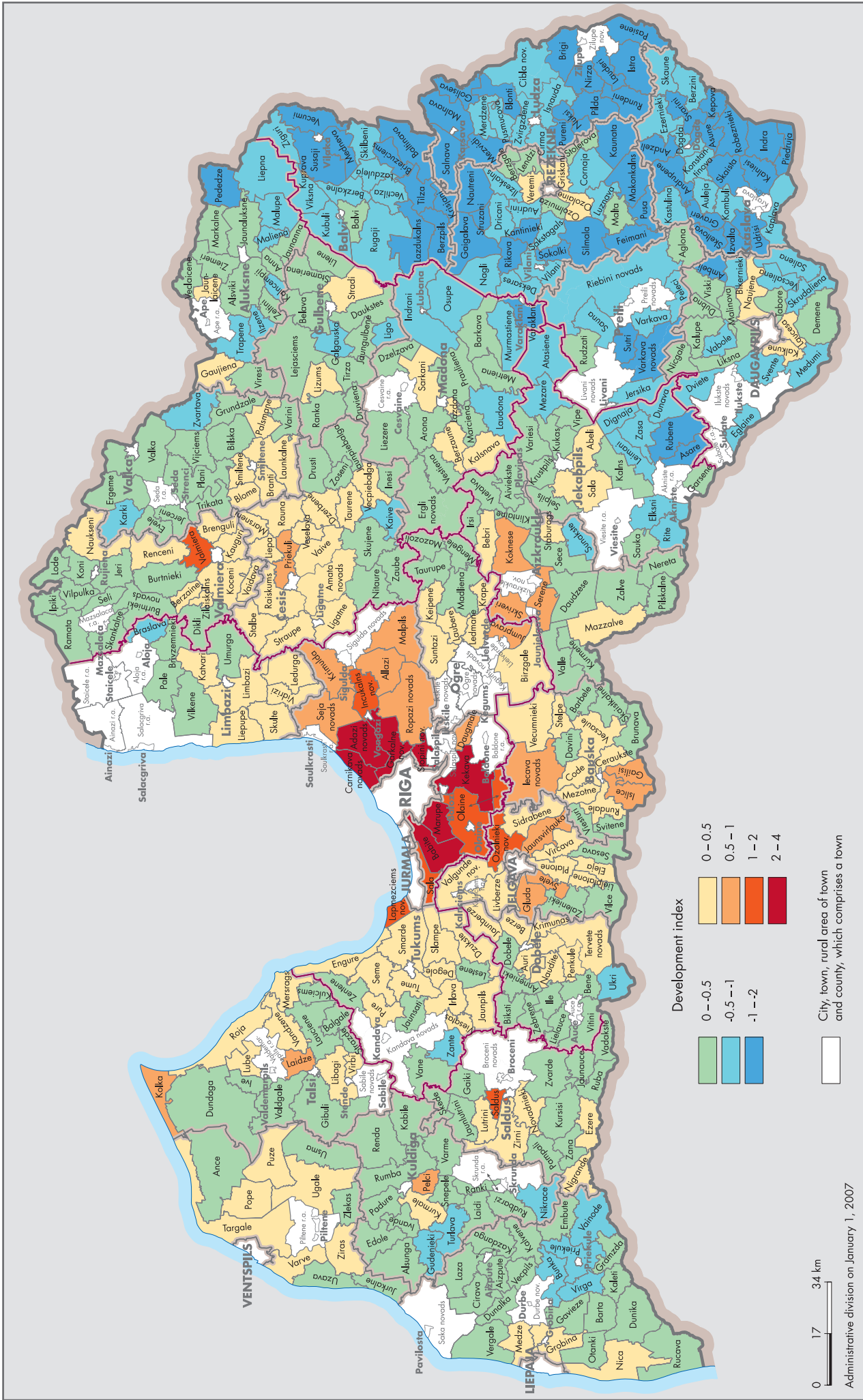


Figure 55. Development index of in rural municipality group according to data of 2005.

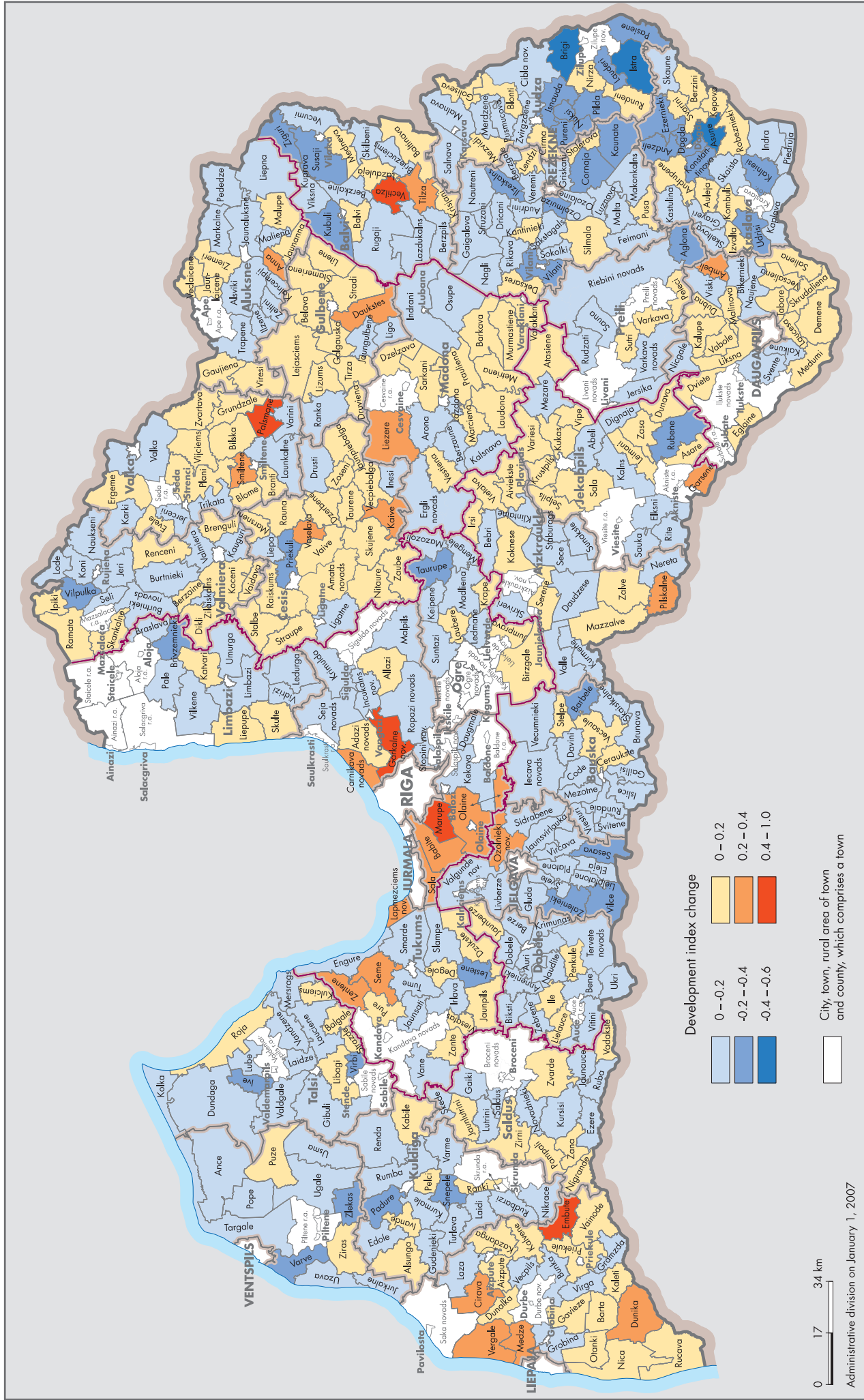


Figure 56. Development index change in rural municipality group in 2005 in relation to the average for 2001-2004.

ANNEX

Territory development index and rank in planning regions (2001–2005)

Planning region	Development index					Rank				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Rīga region	0.904	0.909	0.975	0.995	1.003	1	1	1	1	1
Kurzeme region	-0.300	-0.303	-0.429	-0.428	-0.431	2	2	2	2	2
Zemgale region	-0.477	-0.440	-0.469	-0.533	-0.590	3	3	3	3	3

Territory development index and rank in districts (2001–2005)

District	Development index					Rank				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Rīga district	1.777	1.671	1.797	1.886	1.838	1	1	1	1	1
Valmiera district	0.853	0.577	0.685	0.660	0.694	2	3	3	2	2
Saldus district	0.394	0.876	0.746	0.263	0.556	4	2	2	4	3
Ogre district	0.529	0.556	0.630	0.525	0.538	3	4	4	3	4
Ventspils district	-0.241	0.518	0.083	-0.245	0.311	15	5	9	15	5
Aizkraukle district	0.129	0.326	0.363	0.141	0.189	9	6	5	7	6
Cēsis district	0.244	0.254	0.176	0.180	0.161	5	7	7	5	7
Tukums district	0.156	0.161	0.245	0.154	0.021	8	10	6	6	8
Valka district	-0.123	-0.139	-0.115	0.009	0.016	11	13	12	9	9
Talsi district	0.236	0.171	0.151	0.026	-0.083	6	9	8	8	10
Bauska district	0.216	0.204	-0.111	-0.013	-0.119	7	8	11	11	11
Jelgava district	-0.216	-0.202	-0.116	-0.010	-0.136	14	14	13	10	12
Dobele district	-0.188	0.011	-0.072	-0.106	-0.207	12	11	10	12	13

Territory development index and rank in town group (2001–2005)

City, town, county	District	Development index					Rank				
		2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Balozi town	Rīga	0.859	1.016	1.153	1.682	1.986	2	2	3	1	1
Ilkskile novads ¹	Ogre	0.699	0.789	1.183	1.528	1.620	4	3	2	2	2
Salaspils novads ²	Rīga	1.144	1.105	1.207	0.795	0.681	1	1	1	3	3
Kegums novads ³	Ogre	0.646	0.557	0.677	0.615	0.583	6	6	5	5	4
Baldone town/r.a.	Rīga	0.086	0.092	0.360	0.408	0.513	18	17	12	11	5
Ogre novads ⁴	Ogre	0.543	0.404	0.399	0.619	0.509	8	10	11	4	6
Saulkrasti town/r.a.	Rīga	0.064	0.023	0.248	0.345	0.504	19	19	16	14	7
Lielvarde novads ⁵	Ogre	0.415	0.525	0.705	0.531	0.494	10	7	4	7	8
Jelgava city	-	-0.160	-0.029	-0.023	0.576	0.467	25	21	22	6	9
Rīga city	-	0.396	0.399	0.422	0.430	0.427	11	11	10	9	10
Sigulda novads ⁶	Rīga	0.325	0.332	0.442	0.351	0.397	13	13	8	13	11
Ventspils city	-	0.669	0.491	0.351	0.459	0.386	5	8	13	8	12
Olaine town	Rīga	0.469	0.712	0.651	0.425	0.364	9	4	6	10	13

Planning region	Development index					Rank				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Vidzeme region	-0.759	-0.835	-0.885	-0.895	-0.877	4	4	4	4	4
Latgale region	-1.270	-1.257	-1.310	-1.339	-1.346	5	5	5	5	5

District	Development index					Rank				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Madona district	-0.548	-0.505	-0.557	-0.330	-0.220	19	18	18	17	14
Limbaži district	0.105	-0.079	-0.175	-0.190	-0.281	10	12	14	14	15
Gulbene district	-0.259	-0.280	-0.311	-0.313	-0.321	16	16	15	16	16
Jekabpils district	-0.279	-0.302	-0.373	-0.179	-0.399	17	17	17	13	17
Kuldīga district	-0.208	-0.246	-0.358	-0.337	-0.437	13	15	16	18	18
Liepāja district	-0.807	-0.809	-0.664	-0.568	-0.521	21	21	20	19	19
Alūksne district	-0.546	-0.664	-0.658	-0.621	-0.634	18	19	19	20	20
Priekule district	-0.906	-0.905	-0.894	-0.882	-0.717	22	22	21	21	21
Balvi district	-1.237	-1.293	-1.227	-1.244	-1.093	23	24	24	23	22
Daugavpils district	-0.794	-0.794	-1.004	-1.081	-1.145	20	20	22	22	23
Ludza district	-1.368	-1.452	-1.250	-1.332	-1.225	25	26	25	24	24
Kraslava district	-1.278	-1.227	-1.180	-1.362	-1.341	24	23	23	25	25
Rezekne district	-1.441	-1.447	-1.515	-1.453	-1.359	26	25	26	26	26

City, town, county	District	Development index					Rank				
		2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Valmiera town	Valmiera	0.096	0.071	0.176	0.310	0.278	17	18	17	16	14
Aizkraukle novads ⁷	Aizkraukle	0.307	0.188	0.351	0.314	0.261	14	14	14	15	15
Vangazi town	Rīga	0.732	0.602	0.561	0.351	0.236	3	5	7	12	16
Jurmala city	-	-0.095	-0.156	0.015	0.184	0.221	24	25	21	18	17
Tukums town	Tukums	-0.050	-0.048	0.121	0.224	0.105	22	24	18	17	18
Cēsis town	Cēsis	-0.287	-0.175	-0.105	-0.132	-0.116	29	27	24	21	19
Pļiņene town/r.a.	Ventspils	-0.355	-0.211	-0.149	-0.142	-0.206	33	28	25	22	20
Saldus town	Saldus	-0.048	0.120	0.094	-0.116	-0.240	21	16	19	20	21
Dobele town	Dobele	-0.593	-0.353	-0.301	-0.173	-0.243	41	34	29	23	22
Grobina town	Liepāja	-0.188	-0.048	-0.325	-0.012	-0.255	26	23	30	19	23
Limbaži town	Limbaži	0.253	0.134	-0.080	-0.194	-0.327	15	15	23	24	24
Talsi town	Talsi	-0.201	-0.172	-0.329	-0.274	-0.345	27	26	33	25	25
Daugavpils city	-	-0.348	-0.269	-0.271	-0.533	-0.428	32	29	27	30	26

City, town, county	District	Development index					Rank				
		2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Salacgrīva town/r.a.	Limbaži	0,117	-0,296	-0,328	-1,207	-0,470	16	31	32	49	27
Smiltene town	Valka	0,573	0,461	0,292	-0,392	-0,492	7	9	15	26	28
Madona town	Madona	-0,308	-0,275	-0,273	-0,510	-0,512	30	30	28	29	29
Bauska town	Bauska	-0,063	-0,033	0,062	-0,419	-0,524	23	22	20	27	30
Alūksne town	Alūksne	-0,371	-0,430	-0,516	-0,471	-0,525	34	36	36	28	31
Liepāja city	-	-0,972	-1,001	-0,966	-0,720	-0,554	53	52	46	33	32
Gulbene town	Gulbene	-0,397	-0,299	-0,483	-0,554	-0,587	35	32	35	31	33
Alūksne town/r.a.	Limbaži	0,063	0,003	0,240	-1,171	-0,649	20	20	26	48	34
Rezekne city	-	-0,643	-0,673	-0,653	-0,837	-0,730	43	44	41	38	35
Jekabpils town	Jekabpils	-0,659	-0,595	-0,648	-0,670	-0,743	46	39	39	32	36
Balvi town	Balvi	-0,643	-0,655	-0,659	-0,775	-0,787	44	41	42	34	37
Kandava novads ⁸	Tukums	-0,699	-0,662	-0,771	-0,811	-0,819	47	43	45	37	38
Valka town	Valka	-0,447	-0,320	-0,409	-0,797	-0,828	36	33	34	36	39
Broceni novads ⁹	Saldus	-0,580	-0,694	-0,664	-1,055	-0,839	40	45	43	44	40
Rūjiena town	Valmiera	-0,461	-0,497	-0,692	-0,879	-0,867	37	37	44	40	41
Kalnciems town/r.a.	Jelgava	-1,283	-1,268	-1,262	-0,936	-0,873	58	56	56	42	42
Lubana town	Madona	-0,936	-1,037	-1,107	-1,085	-0,887	51	53	52	45	43
Aloja town/r.a.	Limbaži	-0,648	-0,773	-0,326	-0,794	-0,905	45	47	31	35	44
Jaunjelgava town/r.a.	Aizkraukle	0,353	0,338	0,438	-0,874	-0,955	12	12	9	39	45
Auce town/r.a.	Dobele	-0,321	-0,728	-1,067	-0,895	-1,080	31	46	50	41	46
Kuldīga town	Kuldīga	-0,245	-0,356	-0,653	-1,221	-1,086	28	35	40	50	47
Priekule novads ¹⁰	Priekule	-0,911	-0,870	-0,979	-1,019	-1,110	50	48	47	43	48
Valdemārpils town/r.a.	Talsi	-0,476	-0,527	-0,563	-1,128	-1,188	38	38	37	47	49
Stende town	Talsi	-0,805	-1,082	-1,067	-1,378	-1,226	48	54	51	53	50
Plavinas town	Aizkraukle	-0,641	-0,615	-0,636	-1,101	-1,269	42	40	38	46	51
Cesvaine town/r.a.	Madona	-0,944	-0,957	-1,052	-1,224	-1,345	52	50	49	51	52
Kraslava novads ¹¹	Kraslava	-1,232	-1,116	-1,174	-1,305	-1,442	56	55	54	52	53
Strenci town	Valka	-2,141	-2,340	-2,457	-1,420	-1,555	70	69	70	54	54
Skrunda town/r.a.	Kuldīga	-0,900	-0,973	-1,219	-1,676	-1,637	49	51	55	55	55
Aizpute town	Liepāja	-1,396	-1,506	-1,548	-1,848	-1,687	60	61	58	61	56
Durbe novads ¹²	Liepāja	-1,553	-1,473	-1,561	-1,707	-1,708	63	60	59	56	57
Saka novads ¹³	Liepāja	-1,867	-1,858	-1,957	-1,836	-1,763	66	66	63	60	58
Staiņele town/r.a.	Limbaži	-1,898	-2,342	-2,090	-2,266	-1,821	67	70	67	70	59

City, town, county	District	Development index					Rank				
		2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Seda town/r.a.	Valka	-0,981	-0,657	-1,152	-1,950	-1,826	54	42	53	62	60
Ludza town	Ludza	-1,254	-1,347	-1,539	-1,730	-1,937	57	57	57	57	61
Sabīle novads ¹⁴	Talsi	-1,075	-1,398	-1,840	-1,763	-1,989	55	58	61	58	62
Priekule town	Liepāja	-2,417	-2,509	-2,145	-2,005	-1,993	74	74	68	63	63
Līgatne town	Cēsis	-0,484	-0,925	-0,980	-2,037	-2,107	39	49	48	66	64
Ilūkste novads ¹⁵	Daugavpils	-1,425	-1,685	-1,805	-1,786	-2,118	61	62	60	59	65
Līvāni novads ¹⁶	Priekule	-2,371	-2,094	-2,035	-2,211	-2,119	72	67	65	69	66
Viesīte town/r.a.	Jekabpils	-1,524	-1,455	-1,841	-2,011	-2,229	62	59	62	65	67
Aknīste town/r.a.	Jekabpils	-1,749	-1,823	-2,086	-2,130	-2,264	64	65	66	67	68
Mazsalaca town/r.a.	Valmiera	-1,860	-1,803	-2,028	-2,137	-2,341	65	64	64	68	69
Ape town/r.a.	Alūksne	-1,284	-1,763	-2,710	-2,355	-2,397	59	63	72	71	70
Dagda town	Kraslava	-1,983	-2,174	-2,370	-2,009	-2,556	68	68	69	64	71
Subate town/r.a.	Daugavpils	-2,129	-2,504	-2,577	-2,398	-2,614	69	73	71	72	72
Vilaka town	Balvi	-2,835	-3,116	-2,735	-2,517	-2,999	77	77	73	73	73
Varakļani town	Madona	-2,402	-2,441	-2,798	-2,773	-3,051	73	71	74	75	74
Karsava town	Ludza	-2,601	-2,927	-2,918	-3,046	-3,255	75	75	76	77	75
Vilāni town	Rezekne	-2,684	-2,997	-2,987	-3,003	-3,295	76	76	77	76	76
Zīlupe novads ¹⁷	Ludza	-2,188	-2,488	-2,847	-2,596	-3,316	71	72	75	74	77

Remark. Counties, which comprise a town have been included in this table.

The development index for the amalgamated municipalities as regards the period prior to their establishment was calculated using the data of all their corresponding territories.

¹ Ilkšile novads established in 2004 from Ilkšile town with rural area (territory unchanged). ♦ ² Salaspils novads established in 2004 from Salaspils town with rural area (territory unchanged). ♦ ³ Kegums novads established in 2002 by amalgamating Kegums town with rural area and Rembate pagasts. ♦ ⁴ Ogre novads established in 2002 by amalgamating Ogre town and Ogrespils pagasts. ♦ ⁵ Lielvarde novads established in 2004 from Lielvarde town with rural area (territory unchanged). ♦ ⁶ Sigulda novads established in 2003 by amalgamating Sigulda town, More pagasts and Sigulda pagasts. ♦ ⁷ Aizkraukle novads established in 2001 by amalgamating Aizkraukle town and Aizkraukle pagasts. ♦ ⁸ Kandava novads established in 1995 by amalgamating Kandava town, Cere pagasts and Kandava pagasts. Maitkule pagasts and Zemīte pagasts joined in 1997. ♦ ⁹ Broceni novads established in 2001 by amalgamating Broceni town with rural area, Bīdene pagasts and Remte pagasts. ♦ ¹⁰ Priekule novads established in 2000 by amalgamating Priekule town, Aizkalne pagasts and Priekule pagasts. ♦ ¹¹ Kraslava novads established in 2001 by amalgamating Kraslava town and Kraslava pagasts. ♦ ¹² Durbe novads established in 2000 by amalgamating Durbe town with rural area and Tadiaki pagasts. ♦ ¹³ Saka novads established in 2004 by amalgamating Pavlosta town and Saka pagasts. ♦ ¹⁴ Sabīle novads established in 2000 by amalgamating Sabīle town and Abava pagasts. ♦ ¹⁵ Ilūkste novads established in 2003 by amalgamating Ilūkste town, Bebrene pagasts, Plišķalne pagasts and Sedere pagasts. ♦ ¹⁶ Līvāni novads established in 1997 by amalgamating Līvāni town, Rozupe pagasts and Turki pagasts. ♦ ¹⁷ Zīlupe novads established in 2002 by amalgamating Zīlupe town and Zalesje pagasts.

