REGIONAL POLICY 2021-2027 – BASIS FOR INVESTMENTS* IN DEVELOPMENT OF TERRITORIES

*INCLUDING FOR PLANNING EU FUNDS FINANCING FOR 2021-2027

REGIONAL DEVELOPMENT TRENDS

Annual GDP per capita in planning regions compared to the country’s GDP per capita

During the past 10 years regions have grown faster than the national average of Latvia – Zemgale has grown by 3% faster, Latgale – even by 11% faster. Latvia has the third largest regional disparities among the OECD countries.

WAGE DIFFERENCES AND POPULATION CHANGE IN REGIONS

The average monthly wage varies by region more than 1.5 times (or 5 to 10 year difference between regions).

Due to the limited employment options and low wages the population in the regions has declined by up to 20% largely by emigration of inhabitants.
To create preconditions to development of economic potential of all regions and decrease of regional disparities:

1. **Improvement of the business environment in regions**
2. **Improvement of the efficiency of public services in regions**
3. **Public administration capacity and public participation**
SOLUTIONS TO REACH THESE GOALS

PLANNED TOOLS FOR MUNICIPALITIES FOR IMPROVEMENT OF BUSINESS ENVIRONMENT IN REGIONS

- Development of business support infrastructure
- Improvement of real estate regulation
- Support for regional projects

Investments in fixed assets for development of existing/new products and services
Municipality’s support set for businesses
Improvement of conditions for national government loans for municipalities
Creation and operation of regional innovation and knowledge platform

PLANNED SUPPORT FOR ATTRACTION HUMAN RESOURCES IN THE REGIONS

- Support for attracting highly qualified workforce in regions
- Accessibility of housing for the workforce in regions*
- Remigration support measures
- Tax solutions for support in terms of wages in Latgale region

* Within the framework of the housing policy, a support instrument appropriate to the situation in Latvia will be developed to ensure complex access to housing.

PLANNED MEASURES FOR IMPROVEMENT OF SERVICE EFFICIENCY ACCORDING TO THE DEMOGRAPHIC CHALLENGES

- Support for energy efficiency of municipal buildings
- Support for pre-school education and childcare service
- Improvement of road network infrastructure
- Sustainable development of public outdoor space

Smart municipalities – improvement of service efficiency
Accessibility and operation of joint customer service centres

PLANNED MEASURES FOR BUILDING PUBLIC ADMINISTRATION CAPACITY AND PUBLIC PARTICIPATION

- Capacity building of municipalities and planning regions
- Improvement of operation of regional and local level administration
- Optimization of municipal finance system
- Development of the regulatory framework for the state budget grant for co-financing municipal EU fund projects

Expanding the range of territorial statistics and its acquiring possibilities
Involvement of wider public in achieving regional policy goals
Modernization of municipality administrative processes and service provision processes
IMPLEMENTATION

TOOLS FOR IMPLEMENTING REGIONAL POLICY GUIDELINES:

- EU funds
- Regional project programme
- Municipal budgets
- Other foreign financial sources (Norway grants, Latvian-Swiss Cooperation Programme)

THE NECESSARY FUNDING TO REACH THE GOALS SET BY THE REGIONAL POLICY GUIDELINES AND IMPLEMENT THE PLANNED MEASURES

TOGETHER MAKE UP

**2 187 198 857 €**

<table>
<thead>
<tr>
<th>Private sector</th>
<th>State budget</th>
<th>Municipal budget</th>
<th>Funding of tools of EU policies and other foreign financial assistance*</th>
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</thead>
<tbody>
<tr>
<td>254 840 667 €</td>
<td>363 811 375 €</td>
<td>523 714 286 €</td>
<td>1 104 832 530 €</td>
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</tbody>
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* It is planned to divide the funding between regions according to GDP per capita, providing more funding to regions with lower GDP per capita. For municipalities in regions a project competition will be organized. It is planned to also provide funding for regional level projects (provisionally 30%)

BENEFITS

### POPULATION

- **Wider employment opportunities**, including opportunities to work remotely and have a higher pay job
- **Improved living conditions** – well organized public space, better housing accessibility, more accessible and qualitative services
- Better chances to participate in improving the municipality’s development, implementing local initiatives
- **Better mobility opportunities** to reach workplaces and services etc.

### BUSINESSES

- **The necessary infrastructure is provided**, thus giving the opportunity for the businesses to invest more in their development, technologies and equipment
- **Support is provided** (both advisory and financial) for development of enterprise and innovation
- **Less bureaucracy**
- **The necessary specialists are provided** according to the needs of enterprises etc.