

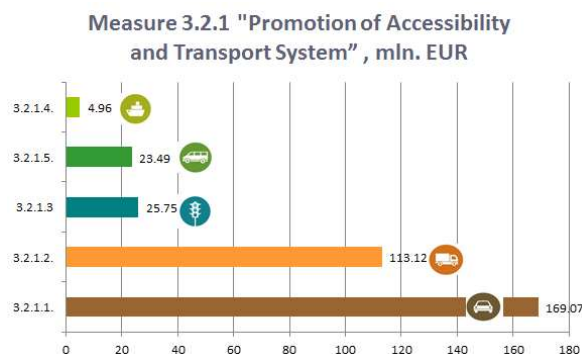
SUMMARY

The evaluation of the contribution of the EU funding instruments to the development of the transport infrastructure in Latvia during the programming period 2007-2013 and the impact of these investments was carried out by CSE COE (Latvia) Ltd in cooperation with Eiropprojekts Ltd (Latvia) and TRT (Italy) during the period November 2017 - April 2018.

The purpose of the evaluation

The purpose of the evaluation was to assess the efficiency, effectiveness and impact of the investments made in transport infrastructure through a **quantitative and qualitative** analysis of the EU funds contribution within the 2007-2013 programming period. Evaluation results to be used to find the most efficient and optimal solutions for investments in the transport sector in the next programming periods post-2020, ensuring a balance between the development of the transport sector, environmental protection requirements and the public interests. Analysis also included the identification of main problems and obstacles hindering the development of the transport sector and balanced regional development. Furthermore, it included examples of good practice and the assessment of the extent to which EU funded activities were linked to other financial sources. As a result of the evaluation, the impact of investments on the competitiveness of the Latvian economy, mobility, the increase of energy efficiency in the transport sector, improvements in traffic safety and environmental quality were assessed.

The evaluation includes an assessment of two measures of the Operational Program „Infrastructure and Services” (OP): Measure 3.2.1 "Promotion of Accessibility and Transport System" and Priority 3.3. "Development of Transport Network of European Significance and Promotion of Sustainable Transport", which in total amounts to 1530.87 mln. EUR, including 1205.39 mln. EUR EU funding (see graphs below) for investment in the transport sector over the period 2007-2013.

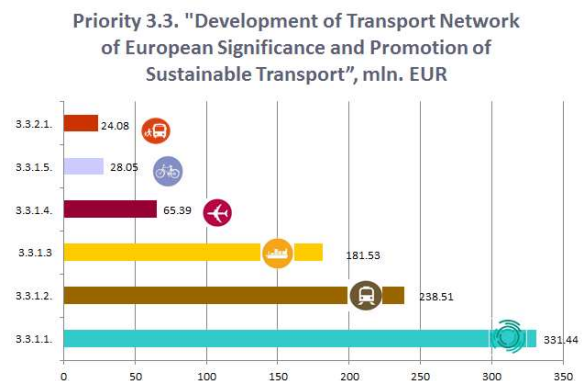


Measure 3.2.1. "Promotion of Accessibility and Transport System" investments by modes of transport are reflected in the graph 2.1. Total contribution from EU funds in Measure 3.2.1. amounted to 336.39 mln. EUR

Graph No.2.1. Investments in the Measure 3.2.1.

In Priority 3.3. "Development of Transport Network of European Significance and Promotion of Sustainable Transport" activities (except Activity 3.3.1.6. "Ensuring the sustainable development of Liepaja Karosta") investments by modes of transport are reflected in the graph 2.2.. Total contribution from EU funds amounted in 869.00 mln. EUR.

Graph No.2.2.. Investments in priority 3.3.



Detailed information on each of the evaluation activities, including the number of projects and the total amount, is included in Annex 1.

Achieved and investment impact

The assessment of the investment results, took into account the fact that transport infrastructure development projects provide a **long-term impact** (use of transport infrastructure usually varies from 20 to 30 years). This has an even higher effect when the development in the relevant

transport infrastructure areas has continued in the 2014-2020 programming period by ERDF and CF funded activities.

Investments have made a significant contribution to the improvement of transport infrastructure, and well-organized infrastructure is the basis for the country's competitiveness, but the geopolitical situation plays a very important role in economic growth. The contribution of EU funds has also contributed to the modernization and development of railway infrastructure through the implementation of the planned activities in 9 projects. For example, before the investment, the length of the tracks, where trains should reduce the speed of the tracks, was around 167 km, after investing they were only 65 km apart, as well as increased the throughput and throughput capacity of individual stations and stations, reducing the overhead of the stations and the technological the number of breaks, as well as the expected amount of traffic. Also, investing in [railway infrastructure has created a high-quality, competitive rail infrastructure for freight and passenger transport](#). However, despite the investments made, since 2012, the total freight traffic on railways has decreased from 59 million to 46 million tons, reaching the level of 2006. During the period under review, activities related to the connection of different gauges were not funded, thus maintaining the identified obstacle to the development of the area in the future.

The implementation of activities in general has been effective and planned, and unplanned results have also been achieved due to the economic situation in the country during the evaluation period, for example, the total duration of the no-affiliated districts of the regional motor roads exceeded the planned total length by 37.4% and increased the port capacity by 21% of the planned 7 % place.

With regard to ports, investments from EU funds have contributed to the improvement of the state of Latvian ports (large and small), but still the state of the hydraulic structures is not evaluated as good, and there is still a need for [regular maintenance of infrastructure](#). The port capacity is close to the maximum, although, compared with 2006, in 2016, the number of goods serviced at the port of Riga has increased by 46%, while in Liepaja port by 42%. The volume of cargo handled at Ventspils port has decreased by 35% since 2006. Passenger capacity at the Passenger Terminal of Riga Pass was not improved due to the fact that there were no investments in the Riga Passenger Terminal, while in Skulte and Mērsrags investments in the planned planning period increased the volume of cargo loaded, which increases the revenue base and improves the capacity for provision of maintenance measures, including providing depth maintenance measures.

Among the priorities of the national level are the further [development of the main roads and regional roads of Latvia](#), including the use of the opportunities provided by the development of PPP projects, taking into account the necessary financing for infrastructure maintenance. It is important to ensure public financing for the availability of payment, approval of planned projects at the Cabinet level and the use of ESIF funding opportunities, as well as, developing cross-border projects. So far, support from EU funds has helped to reduce the main problems and obstacles to development of the road sector, for example, the share of regional roads with good and very good coverage (with black spots) has increased by 13.04% over the period under review. The share of bridges, whose condition is bad, has dropped by 14.9% as a result of investment. During the assessment period, the traffic intensity on regional roads has also changed, and from 2013 onwards it has increased. In parallel, the traffic intensity and the share of freight transport in the traffic flow to the borders of Latvia have also significantly enlarged. Increasing the proportion of gravel roads on regional roads has improved traffic intensity and reduced travel time (including public transport) and operating costs. By improving traffic safety in populated areas, thus eliminating certain "black spots", the total number of accidents in Latvia in 2016 has decreased by 12% compared to 2006, however, the number of injured per 100,000 inhabitants has not changed significantly over a decade. Considering the results of the analysis, further investments in the maintenance of built and reconstructed roads are important in order to ensure that the achievement after the end of the intervention period do will not deteriorate again. The total length of the national relevance roads in 2015 was 453.34 km and the total length of reconstructed transit routes was 112.43 km by 2015. Maintenance of reconstructed roads is not financed from EU funds and is one of the main tasks to be financed from the state and local government budgets. The EU planning documents set one impact indicator in relation to the transport sector - time savings for passengers. The actual value of time savings for passengers in 2015 due to newly built and reconstructed roads was 18.8 million EUR / year, which exceeded the set target. At the Operational Program level results indicators were exceeded. Time savings for passengers traveling on regional roads in 2015 equalled 7.9 million EUR / year. The number of reconstructed transit kilometres in 2015 was 46.14% (results indicators were defined at the OP level, at the

priority level and at the level of individual activities).

Assessing the impact of investments on airport development, it can be concluded that, despite the continued rapid increase in passenger numbers at Riga airport, the investments made have enabled the airport of Riga to provide safer and **higher quality services to airlines and passengers**, thus increasing the airport's competitiveness in the region, for example, in 2017 at Riga Airport 6 097 434 passengers were serviced, which is by 244% more than in 2006. In addition to the planning period to be evaluated, the development of Liepāja Regional Airport was also promoted, ensuring the construction of the necessary infrastructure in accordance with the standards of the International Civil Aviation Organization and European Union regulations in order for the airport to be able to receive a certificate for commercial air transportation.

The financing of EU funds allowed to construct platforms suitable for low-floor trains, however, the projects did not succeed in purchasing new trains, therefore, the inadequacy of electric trains equipment to the requirements of modern comfort of passengers, including people with different types of disabilities, was not eliminated, maintaining the current state of the art incompatibility urban and suburban traffic requirements. However, with the attraction of investments for the modernization of 19 diesel train wagons, the provision of passenger services improved, which probably contributed to the fact that after the introduction of the project in 2017, the number of passengers increased by 7.8% compared to 2015. In Liepāja and Daugavpils, tram passenger **transportation system was improved**, extending the tram routes, which in turn allows to plan to reach the increase of the number of passengers carried in Daugavpils by 7.8% and Liepāja by 25%, however, despite the investments made, the number of passengers, for example, in the tram in Liepāja and In Daugavpils, during the planning period to be evaluated, it decreases or remains at the previous level, which implies that the construction of the infrastructure does not create preconditions for the increase in the number of passengers carried; this is also influenced by the price of public transport, convenience of use, the location of service providers in the city, and other factors.

Future priorities

The primary objective is the development of **long-term transport planning documents** for the period of five to seven years with the main emphasis on planned return on investments and by taking into account already planned activities. The documents to be developed have to include relevant sections of the National Development Plan and the Transport Development Guidelines. In order to ensure the implementation of the planned activities it is important to use all available financial instruments, including grants and loans, as well as to determine the position of Latvia on the next multiannual financial framework.

2014-2020 planning period projects should be implemented as effectively as possible, ensuring greater return on investments made and wider use of financial instruments that are still available in the current programming period. In order to assure successful implementation of projects, it is important to ensure timely development and validation of project evaluation criteria, qualitative project documentation, methodological support during the procurement process and technical assistance to project beneficiaries.

Rail Baltica project is one of the specific EU high priority transport infrastructure projects that have been funded by CEF so far. Economic growth in the development of the transport sector is also facilitated by the Rail Baltica project, including development of Riga Central Station, as well as connecting the airport with rail and promoting economic activity based on greater mobility of the population thus promoting the integration of different modes of transport and interconnection of transport networks. The possibility of providing "Rail Baltica" infrastructure for the provision of regional public transport could be assessed and potentially financed by CF and ERDF, thus contributing to more efficient use of infrastructure and higher return on investment made. This would also have a positive impact on the development of public transport and the use of more environmentally-friendly infrastructure. Such an opportunity could be provided around Riga in the first place having a high traffic volume and population density. The assessment and decision should be made in accordance with the implementation plan for "Rail Baltica" in order to ensure that the planned infrastructure of "Rail Baltica" supports the development of regional transport networks. Funding for the planned activities is dependent on the new multiannual financial framework. Other priorities relate to further electrification of railways and the introduction of ERTMS.

Airport priorities concern the further development of the airport "Riga" terminal, expansion of the registration area and implementation of economic potential on the basis of planned railway connection and additional passenger traffic, restoration of safety equipment in accordance with the latest technologies, including for luggage x-rays.

With regard to **ports**, the main priorities are the further **development of business opportunities** by providing the necessary infrastructure for various processing companies that add value to transported goods already in the port or in the territory of the port, thus further developing the supply chain of value. The national priorities that could be financed by ESIF may include the development of a **business infrastructure** around the ports, for example, by continuing projects on the Krievusala, in the vicinity of Skulte and other ports or in direct port areas, thus creating infrastructure for private companies without violating state aid conditions. The Freeport of Riga must continue to move the infrastructure outside the city center. In addition, it would be necessary to invest in the development of the **passenger terminal** and tourism in Andrejsala. Essential task is to improve the infrastructure of the ports themselves.

Public transport priorities relate to the integrated planning of public transport intermodality, thus promoting greater added value to the population and achieving higher return on investments made, such as further development of public transport and integration into the agglomeration of Riga.

Among the priorities of the national level are the further development of the main Latvian roads and regional roads, including the use of the opportunities provided by the development of the PPP projects, taking into account the necessary financing for infrastructure maintenance in planning. It is important to ensure public funding for the availability of payment, approval of planned projects at the Cabinet level and the use of CEF funding opportunities, as well as, as far as possible, the linking of projects with cross-border projects.

Consideration should be given to the possibility of broader information on other sources of foreign financing where financial support for the development and maintenance of the transport sector could be obtained in the long term and further search for fundraising and support opportunities not only within the framework of EU funded priorities (Horizon2020, INTERREG, etc.) but should be identified. projects that would be economically feasible for the state and private investor in the form of public-private partnerships. In the summary, investment attraction mechanisms should be changed by combining different investments with each other.

During the evaluation it was concluded, that not all indicators reflect the intervention logic, planned results and not all required data was collected. For instance, during OP planning process indicators on **mobility of population were not included**, therefore the necessary information was not collected; however, starting from 2017, the Central Statistical Bureau conducted a survey to assess the mobility of Latvian residents, therefore, the impact on mobility should be analysed when planning EU funds after 2020.