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Development of Regions in Latvia





Development of Regions in Latvia 2010

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Dear readers of the survey “Development of Regions in Latvia 2010”,

It is often said that well-developed regions are the foundation of an entire country's welfare, and it has lost none of its relevance this year. Only an equal standard of living and opportunities for development in the capital city of Riga, other towns and cities and the more remote *novads* will be able to move the entire country closer to a greater welfare.

However, the disparities in the development of the regions remain significant, and the data included in the report “Development of Regions in Latvia 2010” also point to this. Last year was the first full year following the completion of the administrative-territorial reform and creation of *novads*, but even so local governments and their trends of development are extremely different. It is not surprising that those *novads* governments located in the vicinity of economically solid republican cities have produced better indicators.

For precisely this reason one of our main tasks is to reduce such disparities, and to achieve this, one must consider the availability of new support instruments to local governments for the promotion of entrepreneurship and business activity, and changes must be introduced to laws and regulations linking the tax base of companies to the local government in which they operate.

The promotion of the availability of easy and modern communications and services to residents is as

important, and that is why the Ministry of Environmental Protection and Regional Development supervising regional development policy since 2011 is working on the introduction of the principle of one-stop agencies and the development of e-services.

The support of the European Union funds in territorial development is not less important. For this reason, the negotiations on the EU budget for the next financial programming period are key for ensuring that funding for cohesion policy that aims to erode disparities among regions with varying level of development is preserved at least at the current level.

In order to assure balanced development in the regions, development targets should be set for the entire country and its regions. Therefore, work on the development of the new National Development Plan should begin urgently. An agreement on model of financial equalisation among local governments is also extremely essential.

Yours sincerely,
Raimonds Vejonis,
Minister of Environmental
Protection and Regional
Development

A handwritten signature in dark ink, appearing to read 'R. Vejonis', written in a cursive style.



Welcome, dear readers of the survey “Development of Regions in Latvia 2010”!

The State Regional Development Agency has produced the annual survey “Development of Regions in Latvia 2010”, which presents a summary and analysis of socioeconomic data on republican cities, *novads* and regions.

This annual survey that reflects the development of territories of Latvia on different scale is an important component in implementing, monitoring and evaluating regional policy, as regional development is the foundation of the welfare of a country, and the planning and implementation of regional development and analysis of the results allows to assess development trends, to draw conclusions and to make well-founded decisions. For the eighth year running, the survey contains a mutual comparison of Latvian planning regions and local governments and analysis of their socioeconomic indicators, it also describes and evaluates the trends of regional development.

The year 2010 was the first full year following the completion of the administrative-territorial reform that led to the operation of 118 local governments in Latvia: 9 republican cities and 109 *novads*. It is a point of reference in starting to record the dynamics of the descriptive indicators of local governments and to evaluate their processes of development.

The survey allows you to explore the perennially relevant issues for each specific territory – concerning its population, employment, economy, development opportunities and outlook, local government finances, regional development support measures, state support to local governments and financing from the European Union – it is a significant contribution to the development of regional infrastructure and the improvement of the accessibility and quality of services offered to the public.

The survey contains a detailed financial analysis of local governments, using data on local government budget expenditures for social security, state pensions and unemployment benefits and information regarding the ESF project “Provision of work experience measures in local governments for the acquisition and maintenance of work skills”. An in-depth evaluation is provided for the payments made as part of the regional development support instruments overseen by MRDLG and SRDA.

This year, you can also review several new sections, the topic areas of which have become relevant in the recent years. One of such relevant areas is characterisation of the development of e-government and description of the level of digitisation of the services provided by local governments.

E-government is precisely the tool which, if introduced into the daily activities of local governments in a well-considered manner, can bring about both significant economies of funds and more convenient and accessible state and local government services to the public.

SRDA has commenced work on the development of the technical and methodological solution of the activity “Development and Implementation of a Module for the Management and Monitoring of Regional Development Indicators (RDIM)” of the project “Information System for Local Government Territory Development Planning, Infrastructure and Real Estate Management and Monitoring” (TAPIS). In the survey, we have provided an outline of the approach which we will use in the shaping of RDIM methodology. It proposes that a sufficient set of indicators is used for a comprehensive assessment of the development of a territory, which characterises the territory from various aspects. This approach will be closely linked with the data material and expertise accumulated in producing the survey “Development of Regions in Latvia”, taking maximum advantage of the benefits afforded by the methodology and the continuity of data series. At the same time, RDIM proposes to offer the system users a much wider range of data about territories, as well as abundant opportunities for analysis and comparison.

Analysis of the implementation of financing from the EU funds enables us to evaluate more clearly the effectiveness of these contributions in promoting the growth of development centres and their overall impact on the balanced development of the country. In the next programming period, too, residents and local governments should be given an opportunity to implement the most relevant projects in towns, cities and *novads* – once they have evaluated the priorities of their territory and reflected them in their development programmes.

I hope that the information in the survey provides an impression of the development processes in the territories of Latvia and will prove to be useful in your work!

Sincerely yours,
Maris Krastins,
Director, State Regional
Development Agency

A handwritten signature in black ink, appearing to read 'M. Krastins', with a long, sweeping horizontal line extending to the right.

INTRODUCTION

In order to facilitate the development of the entire country and to enhance and coordinate state provided support to regions, local governments and companies, the State Regional Development Agency (SRDA) continuously compiles and analyses information on the situation in Latvia and the dynamics of its development; the key indicators are compiled in the annual publication. A survey of the development of territories in Latvia has been published since 2003, and “Development of Regions in Latvia 2010” is already the eight annual survey published.

This survey continues to compare Latvian planning regions and local governments with each other, to analyse socioeconomic indicators, to describe and evaluate regional development trends, and to cover newly relevant topics not analysed in the previous reports. The publication uses both long-term comparable core indicators and new indicators characterising territories.

The year 2010 was the first full year following the completion of the administrative-territorial reform, where the 26 district municipalities and 522 local municipalities of Latvia were replaced by 118 local governments: nine republican cities and 109 *novads*.

In 2010, the Ministry of Regional Development and Local Government (MRDLG) was still the ministry in charge of regional development and policy. The policy and development planning documents developed during its existence, along with the administration of its support instruments and programmes, have been taken over by the Ministry of Environmental Protection and Regional Development (MEPRD), formed late in 2010 by combining the Ministry of Environment and MRDLG.

The main new features of the 2010 report compared to the previous editions are as follows:

- the functional description of local government beginning in the last year's edition has been improved. In accordance with the Sustainable Development Strategy of Latvia until 2030, ratified by the Saeima (parliament) on June 10, 2010, analysis of *novads* belonging to areas of national interest has been presented. Areas of development centres of national significance – urban regions – have been covered separately;
- an expanded essence of territorial development monitoring and an explanation of RDIM methodology;
- a broader description of local government funds: the analysis includes data on local government budget expenditures for social security, including the addition of information regarding the ESF project “Provision of work experience measures in *novads* for the acquisition and maintenance of work skills”. Information has been provided on state pensions and unemployment benefits;
- a broader description is given regarding the implementation of EU support measures in the regions and *novads*;
- a review of the level of digitisation of local government services has been included for the first time.

The survey “Development of Regions in Latvia 2010” is intended for a wide readership: anyone interested in the development of Latvia and its territories from a socioeconomic viewpoint.

The survey consists of ten chapters, a conclusion and annexes.

Chapter I reviews the administrative-territorial division of Latvia in 2010, the division of the country into planning regions and statistical regions. The chapter provides insight into the functions performed by the planning regions and their administrative structure.

The subsequent two chapters describe the main demographic and socioeconomic processes at the level of planning regions (Chapter II) and local governments – republican cities and *novads* (Chapter III). Compared to the previous years, in 2010 statistical data are compiled for republican cities and *novads* and no longer for the territorial sub-units of *novads* (towns and *pagasts*). Accordingly, from now on a characterisation of regions and development centres of local significance will be available only thanks to initiatives of planning regions, local governments and the State Regional Development Agency.

Chapter IV describes the planning regions and local governments using generalised indicators – the territory development index and the territory development change index – which enable a simultaneous description and comparison of local government development based on multiple demographic and socioeconomic indicators. The chapter describes the methodology for the calculation of the indices. An annex to the survey lists the values of the indices for the planning regions and local governments over a three-year period and provides a ranking of territories based on the index values. The chapter also offers an insight at the assessment and monitoring of territorial development and the development of the methodology of the Regional Development Indicators Module (RDIM). RDIM should become a useful tool for evaluating trends in local government territorial development, for drawing up of spatial plans and development programmes and the implementation monitoring of the latter. The chapter concludes with an overview of the operations of the ESPON research programme in Latvia – a significant resource of qualitative data in regional development – and of SRDA as an ESPON contact point.

Chapter V deals with local government finances. This chapter summarises local government budget indicators for 2010 – revenues, expenditures and variations therein. Budget revenues are viewed both in terms of their economic

and functional classification. Expenditures of local governments for social assistance have been covered separately, considering that 2010 saw a continuation of economic recession processes and local governments were forced to pay much attention to the social needs of the residents. For the first time, the publication provides more details on state pensions and unemployment benefits. Detailed indicators of all local government budget revenues and expenditures, local government financial equalisation data and state pension and unemployment benefit data have been included in the annex to the survey.

For the first time, the survey deals with the subject of information society. Chapter VI, "Development of e-Governance", looks at the digitisation levels of public administration services, provides an overview of the projects implemented by SRDA in the area of electronic government, and offers the results of the review of local government websites as tools for the digitisation of administration services, carried out in 2010 by SRDA and the Electronic Government Department of MEPRD.

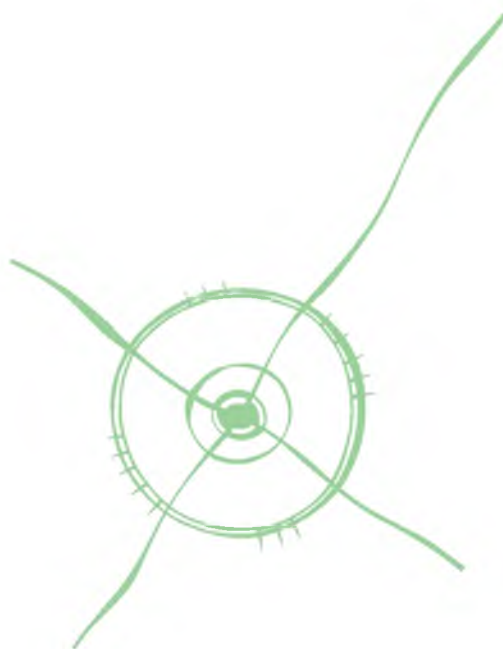
Chapter VII has been dedicated to describing the development potential of *novads*. The analysis is based on quantitative data and various qualitative features alike, as a result of which *novads* have been grouped functionally: by population, reachability and labour flows, infrastructure, natural potential. Special focus is on spaces defined at the national level: development centres of national significance which form urban regions of a certain type, coastal areas and border areas, as well as urban-rural interaction for the purpose of ensuring a balanced development of the country territory.

Chapters VIII and IX provide an insight into the state support instruments for regional development in Latvia in the programming period 2007–2013, which in 2010 were supervised by MRDLG and SRDA. Chapter VIII covers earmarked funds from the state budget, activities financed by EU funds for regional convergence, EU support measures for territorial cooperation in Europe, measures of the financial mechanisms of the Norwegian government and the Swiss Confederation and Social Safety Net measures. Chapter IX analyses the funding disbursed as part of the operational programme activities of the European Regional Development Fund, the European Social Fund and the Cohesion Fund by region and by local governments.

Attempts to derive a more objective way for comparing regional development processes in Latvia at the international level resulted in Chapter X. It contains a selection of indicators characterising economic growth, land resources, transport infrastructure, employment and life expectancy. The socioeconomic situation in Latvia has been analysed against the backdrop of European Union member states and in particular in comparison with the countries of the Baltic Sea region, whereby regional differences across countries were evaluated.

The concluding chapter was prepared as a summary of developmental trends, key conclusions and recommendations.

The survey has been supplemented with an abundance of maps, diagrams and tables. The annexes to the survey contain detailed data about the territories of the Latvian planning regions and local governments, used in the preparation of the chapters, and may serve as sources of reference for individual territories.



I TERRITORIES OF PLANNING REGIONS AND LOCAL GOVERNMENTS IN LATVIA

Administrative Territorial Division

The area of Latvia is 64.6 thousand km², number of population of the country at the beginning of 2011 was 2.3 million people*.

Year 2010 was the first full year after the administrative territorial reform, when according to the Law on Administrative Territories and Populated Areas adopted by the Saeima on December 18, 2008 there ceased to exist 26 district local governments and, instead of 522 local governments, 118 local governments were formed – 9 republican cities and 109 *novads*. On November 1, 2010 a resolution was adopted for dividing Roja *novads* into two local government territories – Roja *novads* and Mersrags *novads*, and since January 3, 2011, when the amendments to the Law on Administrative Territories and Populated Areas entered into force, there are 119 local governments in Latvia – 9 republican cities and 110 *novads* (see Fig. 3).

After the administrative territorial reform the *novads* and towns form the territorial units of the new local

governments, and there are administrations operating there. As result of the reform, there are 60 town *novads* in Latvia – *novads* including one or several towns, and 50 rural *novads* which have been formed by uniting several *pagasts* or, in individual cases, one former *pagasts* has been renamed into the *novads*. Notably, several *novads* surrounding the republican cities – Daugavpils, Garkalne, Jekabpils, Jelgava, Krustpils, Rezekne and Ventspils *novads* – have their administrative centre not in the territory of their local government, but the office of local government administration is located in the city.

The Law on Administrative Territories and Populated Areas envisages formation of the *apriņķis* as administrative territories of the state. The choice in favour of the regional level local governments, *apriņķis*, has not been made yet. According to the Law on Administrative Territories and Populated Areas the issue should be decided by the Saeima. Currently, the planning regions continue to operate as co-ordination and cooperation institutions.

Planning and Statistical Regions

Planning Regions, Their Status and Competence

The planning regions started their formation in Latvia already during the second half of the nineties of the previous century, but since 2003 there are five of them approved by the government – Riga, Vidzeme, Kurzeme, Zemgale and Latgale. The planning regions have been established in Latvia for the sake of regional development planning, coordination and ensuring the cooperation of local authorities** (see Fig. 1).

The planning region is a derived public person supervised by the Ministry of Environmental Protection and Regional Development. The decision-making institution and provider for the development policy of the planning region is its Development Council elected by the meeting of chairmen of all local government councils of the region from among the deputies of all local governments of the region. The executive institution of the planning

region is the planning region administration, which is an institution financed from the state budget.

The planning regions have existed in Latvia as part of the planning system for more than 10 years already, but their role is not strictly defined. Initially the planning regions were formed as an initiative of local governments for coordination of tasks for planning. The planning regions obtained a new, state defined status in 2002 when the Regional development Law was adopted, and in 2003 when the Regulations of the Cabinet of Ministers on the territories of the planning regions were adopted*.

As governmental institutions, the planning regions perform the tasks delegated by the state and at the same time, as institutions managed by local governments, perform the functions coordinating the activities of local governments, mainly in the field of development planning and elaboration of joint projects.

According to the Regional Development Law governing tasks may be delegated to the planning regions. The

* Data of Central Statistical Bureau (CSB).

** According to the Regional Development Law (09.04.2002) the territories of the planning regions are set forth by the 05.05.2009 Regulations of the CM No. 391 "Regulations on the Territories of the Planning Regions".

* 25.03.2003 Regulations of the CM No. 133 "Regulations on the Territories of the Planning Regions".



Figure 1. Territories of the planning regions.

number and volume of functions performed by the planning region has gradually increased since 2006. The following functions should be mentioned as the principal ones:

- development planning for the territory of the region, including development of the planning documents – regional development programs and territory plans, their implementation and supervision;
- supervision over legality of local authority territory development planning documents;
- evaluation of mutual correspondence of development planning documents of regional and local level, and evaluation of their correspondence to the requirements of legal acts;
- coordination of provision of public transport services – knowledge and organisation of regional and local bus route networks (according to the Public Transport Service Law, wording of 01.01.2010).

When possibilities for consolidation of the state budget were searched for at the end of 2010, even liquidation of planning regions and transfer of functions to governmental institutions and local governments was discussed, however the proposal was rejected by the Saeima by recognising continuation of regional reform as an important goal and using the planning regions as basis for decentralising the state government functions. It is the task of the Ministry of Environmental Protection and Regional Development for 2011 to draft the legal basis for establishing the *apriņķis*.

Statistical Regions

The smallest territorial units about which the statistical information is summarized and analysed in Latvia according to the European Classification of Statistical Territorial Units (NUTS, Level 3) are six statistical regions* – Riga, Pieriga, Vidzeme, Kurzeme, Zemgale and Latgale. The information summarised about the statistical regions is used in activities of the planning regions, too, by referring the data of Riga and Pieriga statistical regions to the Riga planning region (see Fig. 2).



Figure 2. Territories of statistical regions.

* According to the 28.04.2004 Ordinance of the CM No. 271 "On statistical regions of the Republic of Latvia and administrative units included into those" and to fulfil the requirements of the European Parliament and European Community Council Regulation No. 1059/2003 "On the establishment of a common classification of territorial units for statistics (NUTS)" adopted on 26.05.2003 on the maximum permitted number of population on NUTS 3 level – 800 000.



Figure 3. Administrative-territorial division of Latvia on July 1, 2011.



Local Governments of Republican Cities and *Novads*

There were 119 local governments in Latvia at the beginning of 2011. Average number of population in those was 18.7 thousand*, 0.4 thousand less than a year before.

The list of local governments included in each planning region is provided in Table 1. The greatest number of local governments is in Riga planning region, 30, and Vidzeme planning region, 26. There are less local governments in Zemgale (22), Latgale (21) and Kurzeme planning regions (20 local governments).

According to the administrative-territorial division this report provides the analysis of local governments in two groups of territories – the republican cities or cities group and the *novads* group. The review of main basic data characterising local governments within these two groups is provided in Chapter III of the report.

The new administrative division of Latvia does not reflect the division of the state into urban and rural ter-

ritories any more. As the result of administrative territorial reform a half of all local governments of Latvia are town-*novads* including towns with urban living environment and infrastructure as territorial units. These local governments represent both urban and rural territories.

There are nine local governments in Latvia which have the status of a republican city. According to the Law on Administrative Territories and Populated Areas republican cities are characterised by the following features: a territory with at least 25 000 permanent residents, developed commercial activity, transport and utilities, social infrastructure, significant complex of cultural institutions.

The republican cities are essentially different as to the number of population and socioeconomic indicators. The capital city of Riga is especially distinguished in this group with 703.6 thousand residents (at the beginning of 2011). As to the number of residents, the next are Daugavpils and Liepaja with 102.5 and 83.4 thousand

Riga planning region	Vidzeme planning region	Kurzeme planning region	Zemgale planning region	Latgale planning region
Riga	Valmiera	Liepaja	Jekabpils	Daugavpils
Jurmala		Ventspils	Jelgava	Rezekne
Adazi novads	Aluksne novads	Aizpute novads	Aizkraukle novads	Aglona novads
Aloja novads	Amata novads	Alsunga novads	Akniste novads	Baltinava novads
Babite novads	Ape novads	Broceni novads	Auce novads	Balvi novads
Baldone novads	Beverina novads	Dundaga novads	Bauska novads	Cibla novads
Carnikava novads	Burtnieki novads	Durbe novads	Dobele novads	Dagda novads
Engure novads	Cesis novads	Grobina novads	Iecava novads	Daugavpils novads
Garkalne novads	Cesvaine novads	Kuldiga novads	Jaunjelgava novads	Ilukste novads
Ikšķile novads	Ergli novads	Mersrags novads	Jekabpils novads	Karsava novads
Incukalna novads	Gulbene novads	Nica novads	Jelgava novads	Kraslava novads
Jaunpils novads	Jaunpils novads	Pavilosta novads	Koknese novads	Livani novads
Kandava novads	Koceni novads	Priekule novads	Krustpils novads	Ludza novads
Krimulda novads	Līgatne novads	Roja novads	Nereta novads	Preiļi novads
Kegums novads	Lubana novads	Rucava novads	Ozolnīki novads	Rezekne novads
Kekava novads	Madona novads	Saldus novads	Plavinas novads	Riebiņi novads
Lielvarde novads	Mazsalaca novads	Skrunda novads	Rundale novads	Rugāji novads
Limbazi novads	Naukseni novads	Talsi novads	Sala novads	Varkava novads
Malpils novads	Pargauja novads	Vainode novads	Skrīveri novads	Vilaka novads
Marupe novads	Priekule novads	Ventspils novads	Tervete novads	Vilani novads
Ogre novads	Rauna novads		Vecumnieki novads	Zīlupe novads
Olaine novads	Rūjiena novads		Viesīte novads	
Ropazi novads	Smiltene novads			
Salacgrīva novads	Strenči novads			
Salaspils novads	Valka novads			
Saulkrasti novads	Varakļani novads			
Seja novads	Vecpiebalga novads			
Sigulda novads				
Stopiņi novads				
Tukums novads				

Table 1. Administrative territories included in the planning regions at the beginning of 2011.

* Data of Office of Citizenship and Migration Affairs (OCMA).

residents, respectively. At the beginning of 2011 in the other republican cities lived from 26.3 to 64.5 thousand residents*.

According to the Law on Administrative Territories and Populated Areas 110 Latvian *novads* should meet the following conditions: there are no less than 4000 permanent residents in the territory of the *novads*; it should be a geographically united urban-rural or rural area with populated areas where the distance from any of the populated areas to the administrative centre of the *novads* does not exceed 50 kilometres, and the road infrastructure should be sufficient to go to the administrative centre of the *novads*.

The *novads* local governments are very different, too. Part of the established *novads* does not meet all of the above mentioned criteria, most often by the number of population which is less than 4000. There were 25 such *novads* at the beginning of 2011, furthermore, in three of them the number of population did not reach 2000: Balinava (1345 residents), Alsunga (1630 residents) and Mersrags *novads* (1829 residents). At the same time the number of residents in Ogre *novads* was 38.7 thousand*.

The number of local governments divided by groups according to the number of population at the beginning of 2011 is reflected in Table 2. The most of local governments have the number of population from 5 to 10 thousand and from two to five thousand – almost one third of all local governments are included in each of the groups.

Number of residents in the local government	Republican cities	<i>Novads</i>	Total local governments
Up to 2000	-	3	3
2000 – 5000	-	36	36
5000 – 10 000	-	37	37
10 000 – 20 000	-	19	19
20 000 – 30 000	2	11	13
30 000 – 50 000	2	4	6
50 000 – 100 000	3	-	3
100 000 – 150 000	1	-	1
Above 700 000	1	-	1
Total in Latvia	9	110	119

Table 2. Number of local governments divided according to the number of population at the beginning of 2011*.

* Data of OCMA.

* Data of OCMA.

II DESCRIPTION OF THE PLANNING REGION DEVELOPMENT

Demographic Situation

The following basic indicators have been used to describe the demographic situation in the planning regions of Latvia:

- number of population;
- density of population;
- changes in number of population;
- natural movement of population;
- long-term migration of population;
- age composition of population;
- demographic burden;
- division of population by gender.

The demographic situation is characterised by momentum indicators reviewed in a five year period, from the beginning of 2006 until the beginning of 2011, and the accrued indicators reflecting the period from 2006 to 2010.

If not specified otherwise, the data of Central Statistical Bureau (CSB) have been used in this subchapter.

Number of Population, Area of the Territory and Population Density

At the beginning of 2011 the number of population in Latvia was 2 million 230 thousand people, almost a half of which, 48.9 %, lived in Riga region. The number of population in other four regions was in a range of 10–15 % from the total number of population of Latvia each (see Table 3 and Fig. 4).

The great proportion of Riga region in the total number of population of the country is mainly determined by the capital city, where at the beginning of 2011 resided 31.4 % of the total number of population of the country and 64.2 % the total number of population of Riga region.

From the beginning of 2006 till the beginning of 2011 the proportion of population of Riga region increased by 1.1 percentage points. The proportion of population of other regions in the total number of population of the country decreased respectively, the most in Latgale region where the proportion of population decreased by 0.7 percentage points and in other three regions by 0.1–0.2 percentage points in each.

As to the area, Vidzeme region (occupies 23.6 % of the territory of the country), Latgale region (22.5 %) and Kurzeme region (21.1 %) are similar, each of them occupying more than one fifth of the territory of the country. Territories of Riga region and Zemgale region are smaller, they occupy 16.2 % and 16.6 % of the total area of the country, respectively (see Table 4 and Fig. 5).

Planning region	Number of population	Proportion, %
Riga region	1 089 767	48.9
Vidzeme region	231 067	10.4
Kurzeme region	296 529	13.3
Zemgale region	277 265	12.4
Latgale region	335 013	15.0
Total in Latvia	2 229 641	100.0

Table 3. Number of population of planning regions and its proportion in the total number of population of the country at the beginning of 2011.

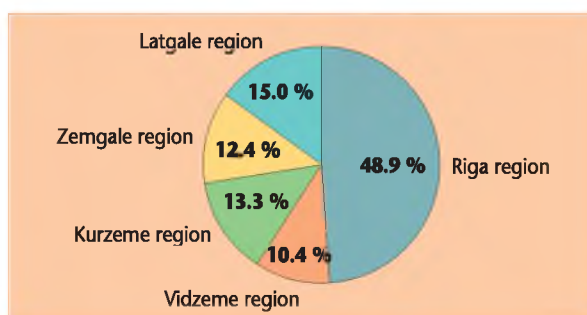


Figure 4. Proportion of population of planning regions in the total number of population of the country at the beginning of 2011.

Planning region	Area, km ²	Proportion, %
Riga region	10 435	16.2
Vidzeme region	15 246	23.6
Kurzeme region	13 596	21.1
Zemgale region	10 733	16.6
Latgale region	14 549	22.5
Total in Latvia	64 559	100.0

Table 4. Territories of planning regions and their proportion in the total area of the country.

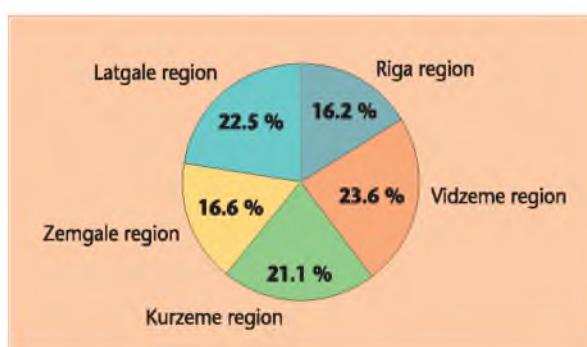


Figure 5. Proportion of territories of planning regions in the total area of the country.

At the beginning of 2011 the population density in Latvia was 34.5 people/km² on average. While the total number of population of the country continued to decrease, the density of population has decreased, respectively (see Table 5).

Planning region	2007	2008	2009	2010	2011
Riga region	105.0	105.2	105.3	105.0	104.4
Vidzeme region	15.8	15.6	15.5	15.3	15.2
Kurzeme region	22.5	22.3	22.2	22.0	21.8
Zemgale region	26.5	26.4	26.3	26.1	25.8
Latgale region	24.4	23.9	23.6	23.4	23.0
Average in Latvia	35.3	35.2	35.0	34.8	34.5

Table 5. Population density in planning regions from 2007 till the beginning of 2011, people/km².

Because the areas of planning regions are comparatively similar, together with the largest total number of population, its density is the highest in Riga region as well – 104.4 people/km² at the beginning of 2011 – that exceeds the average figure of Latvia three times and is approximately 4–7 times higher than in other regions (see Fig. 6).

If republican cities are excluded from the calculation then the differences of population density in planning regions are smaller, however significant enough – population density of Riga planning region, without the cities of Riga and Jūrmala, exceeds the figures of other regions 2–2.5 times (see Table 6).



Figure 6. Population density in planning regions at the beginning of 2011.

Planning region	Population density	
	total	without republican cities
Riga region	104.4	33.3
Vidzeme region	15.2	13.4
Kurzeme region	21.8	12.7
Zemgale region	25.8	17.5
Latgale region	23.0	13.7
Average in Latvia	34.5	17.1

Table 6. Total population density and population density excluding the republican cities from planning regions at the beginning of 2011, people/km².

Changes in Number of Population

There were 2 million 229.6 thousand people residing in Latvia at the beginning of 2011. The number of population of Latvia is constantly decreasing; the total decrease during the last five years has reached 64.9 thousand people. Only in year 2010 the total number of population of Latvia decreased by 18.7 thousand.

During the period from the beginning of 2006 till the beginning of 2011 the number of population decreased in all planning regions. The decrease was comparatively smaller in Riga region (by 7.2 thousand), higher figures characterised Zemgale (by 9.1 thousand), Kurzeme (by 11.9 thousand) and Vidzeme (by 12.0 thousand) regions, but in Latgale region (by 24.7 thousand) the decrease in number of population was very high (see Table 7 and Fig. 7).

Planning region	2006	2007	2008	2009	2010	2011	2006–2011
Riga region	1096.9	1095.7	1097.7	1098.5	1095.7	1089.8	-7.2
Vidzeme region	243.0	240.3	237.8	235.6	233.6	231.1	-12.0
Kurzeme region	308.4	306.1	303.6	301.6	299.5	296.5	-11.9
Zemgale region	286.4	284.7	283.5	281.9	279.8	277.3	-9.1
Latgale region	359.8	354.6	348.3	343.6	339.8	335.0	-24.7
Total in Latvia	2294.6	2281.3	2270.9	2261.3	2248.4	2229.6	-64.9

Table 7. Number of population and its changes in planning regions from 2006 till the beginning of 2011, thousand people.

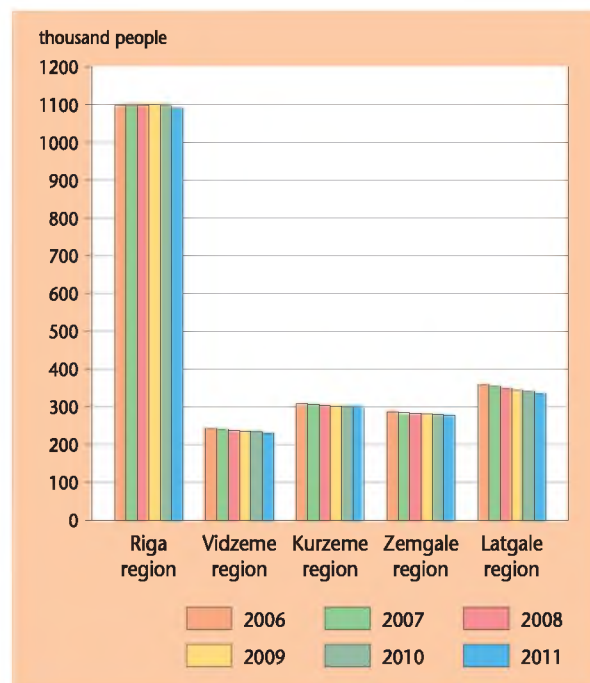


Figure 7. Population number dynamics in planning regions from 2006 till the beginning of 2011.

To compare the speed of changes in numbers of population the relative indicator of such changes is calculated – changes in numbers of population during a period of time. The population number change indicator is calculated by dividing the changes in numbers of population (difference between newborns and deceased and the migration balance) during a certain period of

time by number of population at the beginning of this period, and expressing it in per cents. The algebraic sign *minus* describes loss in population, whereas *plus* describes the increase in population.

Changes in numbers of population in Latvian regions during the last decade are characterised by pretty stable tendencies, but there are differences between the regions. During the period from the beginning of 2006 till the beginning of 2011 the number of population has most rapidly decreased in Latgale region, by 6.9 %, in Vidzeme this indicator was very high also – -4.9 %. Slightly more than average in Latvia (-2.8 %) the number of population has decreased in Zemgale and Kurzeme regions, too. Overall, for Latgale, Vidzeme and Kurzeme regions these indicators were similar during the previous years as well, but in Zemgale region the tendency of decrease of population number became faster and more evident. Comparatively, the most favourable demographic situation was in Riga region where the number of population decreased relatively little during the period from the beginning of 2006 till the beginning of 2011, by 0.7 %, however it should be noted that during the previous periods the changes in numbers of population in Riga region were relatively minor. Compared to the period of 2005–2010, during the last five years (2006–2011) the pace of decrease in number of population has increased in all regions, but the fastest it was exactly in Riga region (see Table 8 and Fig. 8).

Planning region	2002–2007	2003–2008	2004–2009	2005–2010	2006–2011
Riga region	-1.0	-0.1	0.0	-0.2	-0.7
Vidzeme region	-4.7	-5.3	-5.1	-4.8	-4.9
Kurzeme region	-3.5	-3.8	-3.7	-3.6	-3.9
Zemgale region	-2.5	-2.7	-2.8	-2.9	-3.2
Latgale region	-6.2	-7.1	-6.9	-6.7	-6.9
Average in Latvia	-2.7	-2.6	-2.5	-2.5	-2.8

Table 8. Changes in numbers of population in planning regions during sliding five year periods, %.

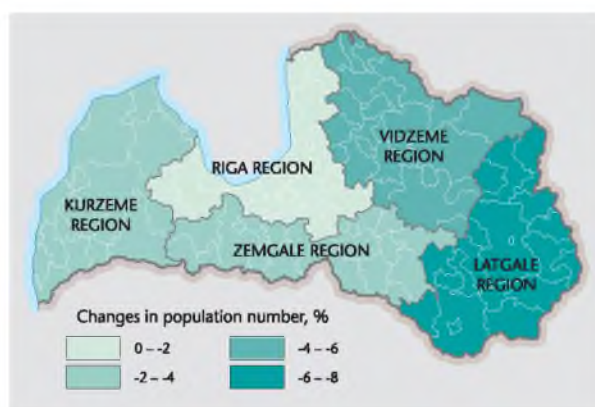


Figure 8. Changes in number of population in planning regions from the beginning of 2006 till the beginning of 2011.

Till the period of 2004–2009 the pace of changes in number of population in Latvia gradually slowed down, overall, but it increased again during the last two periods by renewing more rapid decrease in number of population in 2009 and 2010. Since the period of 2002–2007

the number of population in Latvia decreased over the five year period by 2.5–2.8 %.

Though the pace of decrease in numbers of population was quite stable in the country as a whole, it slightly fluctuated over the years due to changes in components affecting changes in number of population. Natural movement of population was comparatively stable, though there was a lower death rate in 2008 and 2009, and the birth rate increased slightly. Decrease in number of population was additionally affected by the migration balance where, in turn, the main role was played by volume of emigration. The negative migration balance, though fluctuating over the years, had a total positive tendency during the period from the turn of centuries till 2007, but it rapidly grew in negative direction since 2008 by reaching the prevalence of those moving out of the country over those moving in by almost 8000 people in 2010 (see Fig. 9).

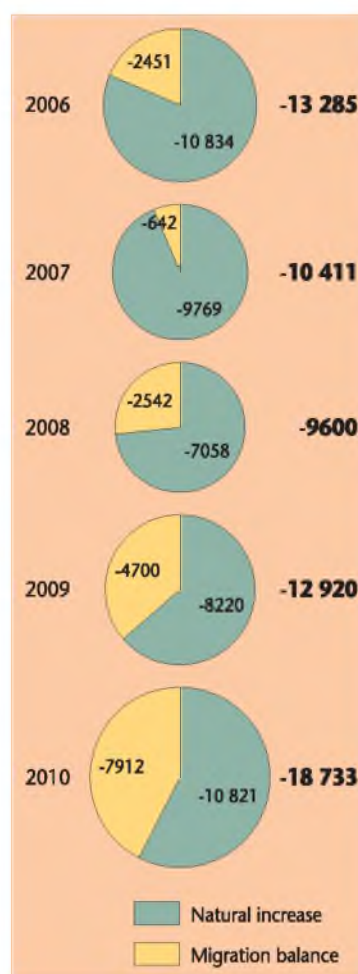


Figure 9. Changes in numbers of population in Latvia and their components in 2006–2010, people.

Compared to the year 2009, in 2010 the number of population decreased in all planning regions both per natural movement and migration indicators, and their importance for the total balance of each region was quite similar, except Latgale region which was distinguished by higher proportion of negative natural movement. Twice faster decrease of population as a result of natural movement than the average of the country is the reason why in Latgale region the number of population is decreasing most significantly. Among all planning regions, Riga region should be accented as the territory with the slowest fall in

numbers of population due to both natural movement and migration (see Table 9). However, it should be noted again that during several previous years the number of population in Riga region decreased slower or even slightly increased due to explicitly positive migration balance.

Planning region	Result of natural movement	Result of migration	Total
Riga region	-0.28	-0.26	-0.54
Vidzeme region	-0.61	-0.46	-1.07
Kurzeme region	-0.49	-0.50	-0.99
Zemgale region	-0.49	-0.42	-0.91
Latgale region	-1.02	-0.39	-1.40
Average in Latvia	-0.48	-0.35	-0.83

Table 9. Changes in number of population and their components in planning regions in 2010, % compared with 2009.

Natural Movement of Population

Negative balance of natural population movement when the number of deceased exceeds the number of newborn ones continues in Latvia for 20 years already. As the result of it the number of population in Latvia decreased by 46.7 thousand in 2006–2010, including the decrease of population numbers in Latgale region by 15.4 thousand, in Riga region – by 13.2 thousand, but in Vidzeme, Kurzeme and Zemgale regions – by slightly more or less than 6000 each.

In the middle of the reviewed five year periods in Latvia the natural movement balance or excess of deceased over newborn ones, decreased significantly, but in 2010 it returned to the initial level – in 2006 the decrease of number of population of the country resulting from natural movement was 10 834 people, in 2008 it was 7058 people, but in 2010 – 10 821 people (see Table 10 and Fig. 10).

By comparing the indicators of natural movement of population in 2009 and 2010 it is evident that negative increase of balance during the last year was facilitated by decrease in birth rate, while significant fall in birth rate is evident in all five planning regions. Death rate increased in the country just slightly in 2010, but in a regional section, it decreased in Vidzeme, Kurzeme and Zemgale regions (see Tables 11 and 12).

Natural growth factor is the population natural growth (decrease) ration to annual average number of population expressed per 1000 inhabitants. Natural growth factor reflects both the character of natural movement and provides the opportunity to compare the territories according to possibilities of human resource development.

Prevalence of deceased over born ones per 1000 inhabitants, or negative natural growth factor, decreased slightly during the first three years of the report period. In 2006 the natural movement balance per 1000 residents in Latvia was -4.7, but in 2008 it was -3.1. Nevertheless, in 2010 it increased rapidly to -4.8. In the whole country, calculating per 1000 inhabitants, there were almost for 21 more deceased than born (natural growth factor –

-20.6). In comparison with the other regions, Latgale region stands as sharply negative, because in 2006–2010 this factor (-44.4) was more than twice higher there than the average in Latvia. However, in Riga region it was significantly lower than in other regions – -12.0.

Planning region	2006	2007	2008	2009	2010	2006–2010
Riga region	-3412	-2867	-1794	-2032	-3084	-13 189
Vidzeme region	-1337	-1405	-1115	-1294	-1420	-6571
Kurzeme region	-1192	-1164	-891	-1159	-1479	-5885
Zemgale region	-1327	-1171	-800	-998	-1378	-5674
Latgale region	-3566	-3162	-2458	-2737	-3460	-15 383
Total in Latvia	-10 834	-9769	-7058	-8220	-10 821	-46 702

Table 10. Natural movement of population in planning regions in 2006–2010, people.

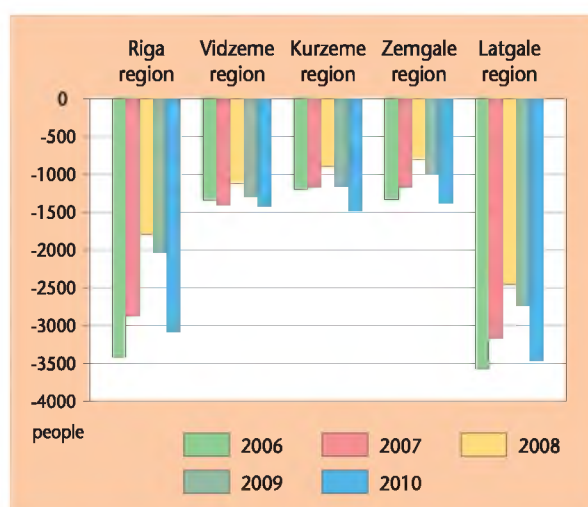


Figure 10. Dynamics of natural movement of population in planning regions in 2006–2010.

Planning region	2009			2010		
	Born	Deceased	Balance	Born	Deceased	Balance
Riga region	11 477	13 509	-2032	10 514	13 598	-3084
Vidzeme region	1971	3265	-1294	1781	3201	-1420
Kurzeme region	2840	3999	-1159	2453	3932	-1479
Zemgale region	2691	3689	-998	2253	3631	-1378
Latgale region	2698	5435	-2737	2218	5678	-3460
Total in Latvia	21 677	29 897	-8220	19 219	30 040	-10 821

Table 11. Birth and death rates and population natural movement balance in planning regions in 2009 and 2010, people.

Planning region	2009			2010		
	Born	Deceased	Balance	Born	Deceased	Balance
Riga region	10.5	12.3	-1.9	9.6	12.4	-2.8
Vidzeme region	8.4	13.9	-5.5	7.7	13.8	-6.1
Kurzeme region	9.4	13.3	-3.9	8.2	13.2	-5.0
Zemgale region	9.6	13.1	-3.6	8.1	13.0	-4.9
Latgale region	7.9	15.9	-8.0	6.6	16.8	-10.3
Average in Latvia	9.6	13.3	-3.6	8.6	13.4	-4.8

Table 12. Birth and death rates and population natural movement balance in planning regions in 2009 and 2010 per 1000 inhabitants, people.

As a result of natural movement, every year in Latvia in average per 1000 inhabitants there were 3–5 deceased people more than newborn; in Latgale region – even 7–10 people more. Since 2009 negative changes in natural movement took place in all regions, but the greatest were in Latgale and also in Zemgale. Only in Riga region the natural movement indicators for 2010 were better than the level of 2006 (see Table 13 and Fig. 11).

Planning region	2006	2007	2008	2009	2010	2006–2010
Riga region	-3.1	-2.6	-1.6	-1.9	-2.8	-12.0
Vidzeme region	-5.5	-5.9	-4.7	-5.5	-6.1	-27.7
Kurzeme region	-3.9	-3.8	-2.9	-3.9	-5.0	-19.5
Zemgale region	-4.6	-4.1	-2.8	-3.6	-4.9	-20.1
Latgale region	-10.0	-9.0	-7.1	-8.0	-10.3	-44.4
Average in Latvia	-4.7	-4.3	-3.1	-3.6	-4.8	-20.6

Table 13. Natural movement of population in planning regions in 2006–2010 per 1000 inhabitants, people.

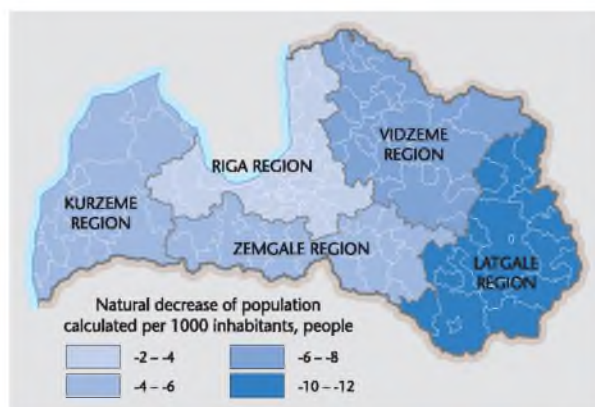


Figure 11. Natural decrease of population in planning regions in 2010 per 1000 inhabitants.

During the period from 2004 to 2008 the birth rate increased slightly in Latvia. The highest number of newborns for the last ten years was registered in 2008 when almost 24 000 children were born, but in 2010 only 19 219 children were born, which is the lowest indicator since the turn of centuries.

Since the year 2000 the summary birth factor* in Latvia has continuously been much lower than the figure required for change of generations (2.1–2.2), furthermore, sharp decrease in number of newborn children during the last two years means also a notable fall of the summary birth factor (see Table 14).

During the period from 2006 to 2009 the death rate in Latvia gradually decreased that is evidenced both by absolute decrease in number of deceased and changes in the general mortality factor. Mortality increased just slightly in the country in 2010, compared to the previous year (see Table 15). The data of natural movement

of population in 2010 show that a comparatively more favourable situation remains in Riga region characterised both by higher birth (9.6) and lower mortality (12.4) indicators among all regions, but in Latgale region, as throughout the whole report period, there are the lowest birth (6.6) and the highest mortality (16.8) indicators. In the rest three regions the birth (7.7–8.2) and mortality (13.0–13.8) indicators are assessed as quite similar (see Fig. 12).

Year	Number of live born total	per 1000 inhab.	Summary birth factor
2000	20 248	8.5	1.24
2001	19 664	8.3	1.21
2002	20 044	8.6	1.23
2003	21 006	9.1	1.29
2004	20 334	8.8	1.24
2005	21 497	9.3	1.31
2006	22 264	9.7	1.35
2007	23 273	10.2	1.41
2008	23 948	10.6	1.45
2009	21 677	9.6	1.34
2010	19 219	8.6	1.18

Table 14. Birth rate in Latvia in 2000–2010.

Year	Number of deceased total	per 1000 inhab.
2006	33 098	14.5
2007	33 042	14.5
2008	31 006	13.7
2009	29 897	13.3
2010	30 040	13.4

Table 15. Death rate in Latvia in 2006–2010.

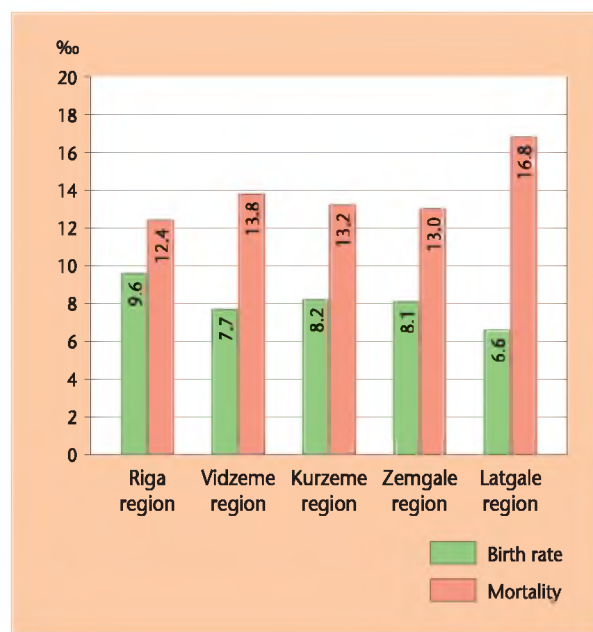


Figure 12. Birth rate and mortality indicators in planning regions calculated per 1000 inhabitants in 2010.

* Summary birth factor determines the average number of children that may be born to a woman during her life, if the birth rate for every age would remain at the level of the report period.

Long-term Migration of Population

As the result of long-term migration* in 2010 the number of population in the country decreased by 7912 people that is the highest negative migration balance during the last ten years. During the period from turn of centuries to 2005–2007 the volume of decrease in population numbers due to migration had a shrinking tendency, but it has rapidly increased during the last three years (642 people in 2007, 4700 – in 2009 and 7912 – in 2010).

During the period from 2000 to 2005 the number of people entering the country during the year was quite similar, not exceeding 2000, but since 2006 it grew significantly by reaching 3541 people in 2007 and 3465 people in 2008. The number of immigrants decreased in the last two years – 2688 people moved to Latvia for permanent living in 2009 and 2790 people did it in 2010.

The number of emigrants did not exceed 3000 people in 2003–2005, but since 2006 the number of people leaving the country grew rapidly by reaching 7388 in 2009 and 10 702 people in 2010. These were the highest figures of the last decade (see Table 16).

Year	Came to Latvia	Left Latvia	Migration balance
2000	1627	7131	-5504
2001	1443	6602	-5159
2002	1428	3262	-1834
2003	1364	2210	-846
2004	1665	2744	-1079
2005	1886	2450	-564
2006	2801	5252	-2451
2007	3541	4183	-642
2008	3465	6007	-2542
2009	2688	7388	-4700
2010	2790	10 702	-7912

Table 16. Outer (inter-country) long-term migration of population in Latvia in 2000–2010, people.

Throughout the report period Riga continuously had the decisive role in migration volumes compared to other territories of Latvia. On average, slightly more than a half of the total number of inter-country immigrants chose Riga for their place of residence, but people from Riga formed 45 % of those who left Latvia.

The data collected by Central Statistical Bureau on long-term migration of population in Latvia show that people

* According to UN recommendations and the European Parliament and Council Regulation on statistics of the Community long-term migrants are the persons who arrive in the country to remain there for permanent living or for a period that equals to or is longer than one year as well as the persons who go out from any country to another country with a purpose to stay there permanently or for one year, or longer. This length of stay criteria allows distinguishing long-term migrants from other groups of persons crossing the border, for example, tourists. Outer (inter-country) and inner (within the country) migration is distinguished. Inner migration statistics of Latvia does not account change of place of residence of the person within the boundaries of one republican city or novads.

from 68 countries moved to Latvia in 2010, but people from Latvia moved to 86 countries of the world. 49 % of immigrants arrived from countries of the European Union (this figure was 55 % in 2009), and 66 % of emigrants moved to those countries (56 % in 2009).

The countries to which residents of Latvia emigrated most were Great Britain (2.9 thousand people), Russia (1.6 thousand) and Ireland (1.1 thousand). Emigration to Great Britain increased 2.2 times compared to 2009, to Denmark – 2.1 times, to the USA – 2 times, to Ireland – 1.9 times.

A slight majority of immigrants in 2010 were men – 52.8 %, but the majority of emigrants were women – 54.2 %.

In 2010 the proportion of children in immigration was greater than in emigration, while there were five times more emigrants than immigrants among working age population and there were 1.8 times more emigrants of retirement age than immigrants. Comparatively high proportion of children among immigrants may be largely explained by declaring the children who were born abroad in the place of residence of their parents in Latvia (see Table 17).

Age group	Came to Latvia		Left Latvia	
	Number	%	Number	%
Below working age (0-14 years)	711	25.5	1573	14.7
At working age (15-61 years)	1710	61.3	8477	79.2
Above working age (62 years and more)	369	13.2	652	6.1

Table 17. Main age groups of immigrants and emigrants in 2010.

It should be noted that the inter-country migration figures have partial deficiency in information corresponding to situation and data reliability criteria in working migration accounting.

52.5 thousand people changed their permanent place of residence from one administrative territory (according to the current administrative division) of Latvia to another in 2006 as the result of internal migration of population, but in 2010 this figure was 38.1 thousand people. A rapid decrease in internal migration intensity is evident in the five year period, in 2008 and 2009; the volume of internal migration dropped by 5.5 thousand people in 2008 compared to 2007, but it was almost 10 thousand people in 2009 compared to 2008. In 2010, compared to the previous year, the number of people involved in internal migration of the country decreased slightly – by 1.9 thousand (see Table 18).

Planning region	2006	2007	2008	2009	2010
Riga region	25 353	27 823	24 765	20 991	19 304
Vidzeme region	5826	5717	5557	4123	4034
Kurzeme region	6274	6633	6000	4370	4346
Zemgale region	7974	8149	7015	5271	5416
Latgale region	7055	6767	6238	5223	4972
Average in Latvia	52 482	55 089	49 575	39 978	38 072

Table 18. Internal long-term migration of population in planning regions in 2006–2010, people.

The tendency of internal migration to move to the capital city of Riga and Pierīga region remained in 2010*, though smaller in amount than in the middle of the first decade of the millennium, – 8.2 thousand people moved to Riga and 11.1 thousand people moved to Pierīga statistical region (including changing the place of residence within this region). The tendency of moving from Riga to Pierīga region remained as well (5.8 thousand people in 2010). Directions of internal population migration flows and their volumes in section of regions, including statistical regions, are shown in Table 19.

If change of place of residence within the same region is excluded from calculation, then within the statistical

2009 and 2010 were the first years since 2002 when the number of population of Riga region decreased as the result of the total long-term migration. During the period from 2003 to 2008 the volumes of internal migration in the country towards Riga region prevailed and over-compensated the negative balance of inter-country migration flow of population in Riga region.

Migration balance was constantly negative throughout the report period, from 2006 to 2010, in the other four regions. During this period Vidzeme and Kurzeme regions were characterised by generally stable decrease of population number due to migration, increase of negative migration balance showed in Zemgale region since 2008, but in Latgale region this indicator fluctuated over the years.

During the period of 2006–2010, due to the overall migration the number of population decreased the most in Latgale region – by 9.4 thousand people. Migration caused the decrease in number of population in Kurzeme region by 6.0 thousand, in Vidzeme region – by 5.4 thousand, and in Zemgale region – by 3.5 thousand people. Though Riga region had negative migration balance during the last two years, throughout the whole period migration ensured the growth of population by 6.0 thousand (see Table 21 and Fig. 13).

Destination region	Total	Source region						
		from Riga region	of which from Riga	from Pierīga region	from Vidzeme region	from Kurzeme region	from Zemgale region	from Latgale region
Riga region	19 304	12 752	5842	6910	1565	1410	2084	1493
of which Riga	8180	4112	-	4112	922	897	1193	1056
Pierīga reg.	11 124	8640	5842	2798	643	513	891	437
Vidzeme region	4034	1283	702	581	2195	139	222	195
Kurzeme region	4346	1199	720	479	143	2648	282	74
Zemgale region	5416	1773	1071	702	301	303	2789	250
Latgale region	4972	1172	861	311	209	70	244	3277
Total	38 072	18 179	9196	8983	4413	4570	5621	5289

Table 19. Internal long-term migration of population in planning and statistical regions in 2010, people.

regions in 2010 the balance of internal long-term migration of population had positive value only in Pierīga region – 2141 people. Out of 8.3 thousand people who moved to Pierīga region 70 % were from Riga, but out of 8.2 thousand people who moved to Riga, 50 % were from Pierīga region. In the result of internal migration the number of population in Riga during the year 2010 decreased by more than 1000 people. The situation in the rest four regions was quite similar – they lost 0.2–0.4 thousand people due to inter-regional migration. Zemgale region may be distinguished here, though, as it is characterised by greater number of people involved in internal migration and lower decrease in number of population caused by it (see Table 20).

Region	Came to the region	Left the region	Migration balance
Riga region	6552	5427	1125
Riga	8180	9196	-1016
Pierīga region	8326	6185	2141
Vidzeme region	1839	2218	-379
Kurzeme region	1698	1922	-224
Zemgale region	2627	2832	-205
Latgale region	1695	2012	-317

Table 20. Internal long-term migration of population (excluding migration within the region) in planning and statistical regions in 2010, people.

* Pierīga statistical region includes all Riga planning region, except the city of Riga. Riga is a separate statistical region.

Planning region	2006	2007	2008	2009	2010	2006–2010
Riga region	2147	4902	2599	-785	-2855	6008
Vidzeme region	-1355	-1139	-1112	-712	-1083	-5401
Kurzeme region	-1189	-1270	-1106	-956	-1498	-6019
Zemgale region	-412	-14	-756	-1121	-1166	-3469
Latgale region	-1642	-3121	-2167	-1126	-1310	-9366
Total in Latvia	-2451	-642	-2542	-642	-7912	-18 247

Table 21. Balance of total long-term migration of population in planning regions in 2006–2010, people.

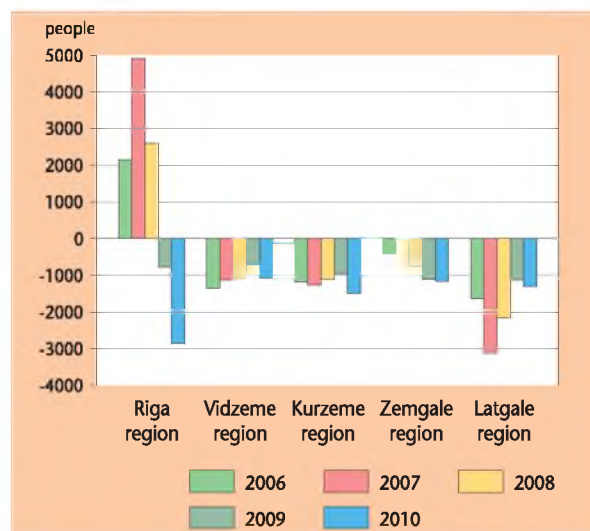


Figure 13. Dynamics of total long-term migration of population balance in planning regions in 2006–2010.

In 2010 the decrease of total number of population due to overall migration in all regions was faster than in 2009. The greatest number of population was lost due to migration in 2010 by Riga region – 2855 people – whereas these figures were quite similar in other regions – from 1.1 to 1.5 thousand people. Nevertheless, the proportion of decrease calculated per 1000 inhabitants was the lowest in Riga region (-2.6), and this was the only region with more favourable value of this indicator than the average of the country. As per proportion of decrease in population numbers due to migration in 2010 the greatest negative indicators were in Kurzeme (-5.0) and Vidzeme (-4.7) regions, whereas throughout the whole period of 2006–2010 those were in Latgale (-26.9) and Vidzeme (-22.8) regions (see Table 22 and Fig. 14).

Planning region	2006	2007	2008	2009	2010	2006–2010
Riga region	2.0	4.5	2.4	-0.7	-2.6	5.5
Vidzeme region	-5.6	-4.8	-4.7	-3.0	-4.7	-22.8
Kurzeme region	-3.9	-4.2	-3.7	-3.2	-5.0	-19.9
Zemgale region	-1.4	0.0	-2.7	-4.0	-4.2	-12.3
Latgale region	-4.6	-8.9	-6.3	-3.3	-3.9	-26.9
Average in Latvia	-1.1	-0.3	-1.1	-2.1	-3.5	-8.1

Table 22. Balance of total long-term migration of population in planning regions in 2006–2010 calculated per 1000 inhabitants, people.

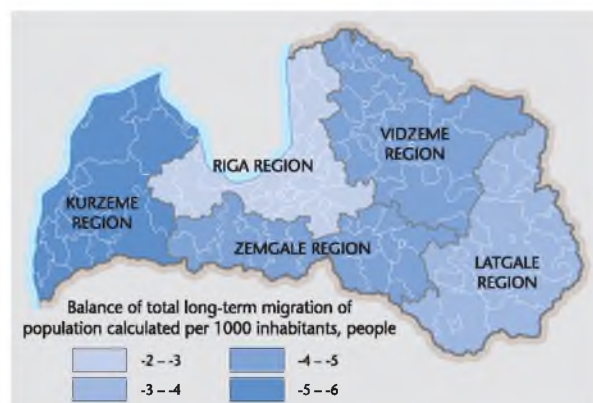


Figure 14. Balance of total long-term migration of population in planning regions in 2010 calculated per 1000 inhabitants.

Age Composition of Population and Demographic Burden

The permanent resident number ratio between the three principal age groups as well as changes of this ratio over time allows estimating the demographic and economic potential of population. Division of population by various age groups affects the situation on the labour market and reveals the employment development

perspectives in the territory or limitations for development due to lack of workforce. Table 23 shows the age structure of population in planning regions and the country as a whole in 2009, 2010 and the beginning of 2011.

Planning region	2009			2010			2011		
	Below working age	At working age	Above working age	Below working age	At working age	Above working age	Below working age	At working age	Above working age
Riga region	13.4	66.5	20.1	13.6	66.1	20.3	13.7	65.6	20.7
Vidzeme region	13.9	65.5	20.5	13.6	65.8	20.6	13.6	65.9	20.5
Kurzeme region	14.9	65.3	19.8	14.7	65.3	20.0	14.6	65.3	20.1
Zemgale region	14.5	66.5	19.0	14.4	66.5	19.1	14.3	66.4	19.3
Latgale region	12.9	66.4	20.7	12.8	66.4	20.8	12.7	66.3	20.9
Average in Latvia	13.7	66.2	20.1	13.7	66.1	20.2	13.7	65.8	20.5

Table 23. Division of population according to age groups in planning regions in 2009, 2010 and the beginning of 2011, proportion in the total number of population, %*.

At the beginning of five year period the proportion of people at working age in the total number of population in the country increased, it exceeded the 66 % mark in 2009, but slightly decreased during the last two years. This process was similar for all regions, and the differences in proportion of people at working age between the regions are minor. The proportion of people above working age in the regions was quite similar as well, except Zemgale, where it was 19.3 % at the beginning of 2011, while in the other regions the proportion of this age group fluctuated around the average indicator of the country (20.5 % at the beginning of 2011). On the contrary, to the proportion of people at working age, the proportion of people at retirement age decreased in the beginning of the report period, but since the beginning of 2009 it grew by 0.4 %.

The proportion of population numbers in the age group below working age decreased in Latvia by 0.3 % from the beginning of 2007 to the beginning of 2009, but then it stabilised at the level of 13.7 %. At the beginning of 2011 the lowest proportion of the number of children, 12.7 %, was in Latgale region, if compared to other regions. The situation approximating the average indicator of the country was evident in Vidzeme and Riga region, while in Zemgale and Kurzeme the proportion of children was relatively higher, above 14 %. It should be noted that during the report period the proportion of people below working age gradually increased in Riga region, by 0.5 % during five years, while it decreased in the other four regions.

Changes in the resident number ratio between the three principal age groups reflect the aging process of population in Latvia. It is demonstrated by increase of the average age of residents – from 39.8 years at the beginning of 2004 to 40.9 years at the beginning of 2010 (see Table 24). In 2004 the average age of men was 36.8 years and that of women – 42.2 years, but at the beginning of 2010 it was 37.9 and 43.4 years, respectively. Since 2005 the indicators of average age of residents is calculated by the CSB within the statistical regions.

* Data of OCMA.

Region	2004	2005	2009	2010
Riga	40.7*	41.4	41.9	42.1
Pieriga region		38.6	39.3	39.5
Vidzeme region	38.9	39.3	40.3	40.6
Kurzeme region	38.9	39.1	40.0	40.2
Zemgale region	38.5	38.8	39.6	39.9
Latgale region	40.3	40.6	41.4	41.6
Average in Latvia	39.8	40.0	40.7	40.9

Table 24. Average age of residents in the statistical regions in the period from 2004 to the beginning of 2010, years.

The differences of regions with respect to average age of residents partly reveal the directions of internal migration processes of the country. Higher average age of residents of Latgale region is related to long-term traditional direction of migration from Latgale to central parts of the country. In Riga city this indicator is higher in connection with the expressed moving of population to Pieriga during the last decade and the greatest merit in this process is for residents of younger age.

Ratio of children and retirement age residents to population at working age is characterised by demographic burden which is usually calculated per 1000 inhabitants. Changes in age structure of population influence the demographic burden indicators as well.

At the beginning of 2011 there were 519.5 children and retirement age residents per 1000 inhabitants at working age on average in the country. The demographic burden decreased during five years both in the country and in each of the regions, but it has slightly increased during the last two years (see Table 25 and Fig. 15).

Planning region	2007	2008	2009	2010	2011
Riga region	514.9	513.3	504.0	512.9	523.0
Vidzeme region	565.3	547.5	526.2	520.5	519.7
Kurzeme region	558.2	549.3	530.7	530.6	534.1
Zemgale region	533.8	521.7	504.2	503.7	505.2
Latgale region	534.7	522.4	505.5	505.9	507.2
Average in Latvia	531.2	524.0	510.1	513.8	519.5

Table 25. Demographic burden in planning regions in the period from 2007 to the beginning of 2011**.

The differences of demographic burden between the regions are not great. At the beginning of 2011 it was lower than the average of the country in Zemgale, Latgale and Vidzeme regions, while it was higher in Riga and Kurzeme regions (see Fig. 16).

Ratio of children to the number of people at retirement age characterise the tendencies of change of generations, or, in the case of Latvia, – the tendency of aging of population. Nevertheless, during the period from the beginning of 2006 to the beginning of 2011 the retirement age resident proportion ratio to the proportion of children remained stable – throughout the period the proportion of the retired was 1.5 times bigger. Though the ratio did not change, the process is characterised by the fact that the number of residents at retirement age per 1000 inhabitants at working

age decreased from 331 to 306, but the number of children shrank from 222 to 208. The retirement age resident proportion indicators (decrease in numbers) were influenced by changes in age for retirement made within the period, but the decrease of proportion of children most obviously reveals the adverse changes of demographic structure.

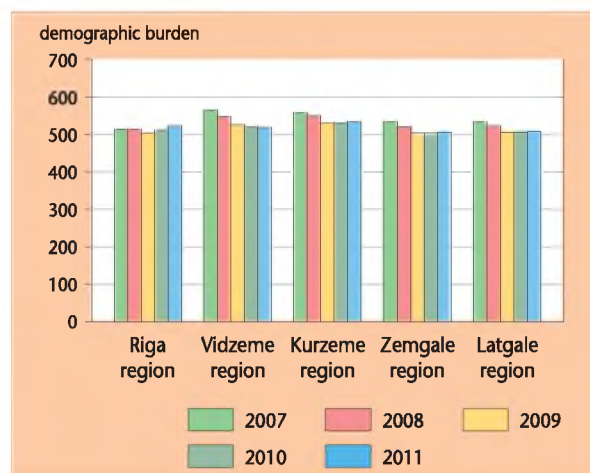


Figure 15. Demographic burden dynamics in planning regions in the period from 2007 to the beginning of 2011*.



Figure 16. Demographic burden in planning regions at the beginning of 2011**.

Division of Population by Gender

In the total number of population of Latvia, the number of women significantly exceeds the number of men. The proportion of numbers of women and men in the total number of population of Latvia fluctuated slightly throughout the report period and at the beginning of 2006 and at the beginning of 2010 it was 53.9 % and 46.1 %, respectively. Ration of gender groups were stable in the regions also and have only slightly changed (within the limits of 0.1 percentage points) in Riga, Vidzeme, Kurzeme and Zemgale regions on the account of growth in the specific rate of men, while in Latgale region they remained stable. The highest proportion of men in the total number of population of the region at the beginning of 2010 was in Zemgale and Vidzeme regions – 47.2 % and 47.1 %, respectively, but the lowest – in Riga region – 45.3 % (see Table 26).

* Riga planning region.

** Beginning of 2010 and 2011 – data of OCMA.

* Beginning of 2010 and 2011 – data of OCMA.

** Data of OCMA.

Planning region	2006		2010	
	Women	Men	Women	Men
Riga region	54.8	45.2	54.7	45.3
Vidzeme region	53.0	47.0	52.9	47.1
Kurzeme region	53.2	46.8	53.1	46.9
Zemgale region	52.9	47.1	52.8	47.2
Latgale region	53.5	46.5	53.5	46.5
Average in Latvia	53.9	46.1	53.9	46.1

Table 26. Structure of residents by gender in planning regions at the beginning of 2006 and 2010, %.

There were 120.7 women per 100 men in Riga region at the beginning of 2010. Situation in Riga region demonstrates the disproportion of gender groups as in the region with the greatest number of residents the number of women exceeded the number of men by 100 thousand. In the other regions the number of women per 100 men was from 112 to 115 (see Table 27).

Planning region	2006	2007	2008	2009	2010
Riga region	121.0	120.6	120.8	120.7	120.7
Vidzeme region	112.8	112.7	112.3	112.2	112.3
Kurzeme region	113.5	113.8	113.5	113.2	113.1
Zemgale region	112.4	112.1	112.2	111.9	111.7
Latgale region	114.9	116.1	115.0	115.0	114.9
Average in Latvia	117.0	117.1	116.9	116.8	116.7

Table 27. Number of women in planning regions in the period from 2006 to the beginning of 2010 calculated per 100 men.

Life Expectancy and Demographic Forecast

The average life expectancy* of children born in 2006 in Latvia was 71.27 years, including 65.85 years for men and 76.78 years for women. During the period till 2009 the forecasted life expectancy increased slightly (see Table 28).

According to demographic development forecasts for the European Union countries developed by the European Community Statistics Bureau Eurostat and their principal versions the number of residents will decrease in Latvia in 2050 to approximately 1.9 million people, but according to the worst scenario it may decrease even to 1.5 million people. The forecast allows also a more favourable development path by forecasting the possible increase of number of population up to 2.4 million people (see Table 30 and Fig. 17).

According to principal version of the forecast the foreseen fall in number of population of Latvia will be accompanied with adverse changes in age composition of population where, together with the positive increase of life expectancy, a quite low number of newborn children is expected, as the result of that there will be a prolonged decrease in proportion of residents below working age as well as of the working age group.

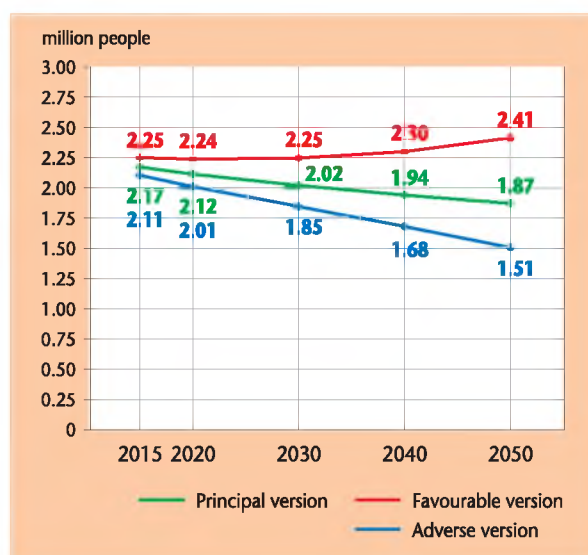


Figure 17. Versions for numbers of population in Latvia in 2015–2050**.

The forecasts of the European Community Statistics Bureau state that during the period of 2015–2050 the average life expectancy of children in Latvia will increase, besides it may happen largely on the account of increase of life expectancy of men what, in turn, will decrease the difference between life expectancy of women and men (see Table 29).

Year	Women	Men	Total	Year	Women	Men
2004	77.20	67.07	72.14	2015	77.7	66.8
2005	77.39	65.60	71.79	2020	78.6	68.1
2006	76.78	65.85	71.27	2025	79.5	69.5
2007	76.47	65.76	71.16	2030	80.4	70.9
2008	77.90	67.19	72.66	2035	81.1	72.0
2009	78.09	68.31	73.38	2040	81.6	72.9
				2045	82.1	73.6
				2050	82.5	74.3

Table 28. The average life expectancy of children in 2004–2009, years of life.

Table 29. Average life expectancy of children in 2015–2050, years of life**.

Year	Total	Up to 14 years	From 15 to 64 years	Above 65 years	Ratio of numbers of people above 65 years and children		
					Women	Men	children
2015	2174.2	327.4	1462.1	384.7	1171.9	1002.3	1.2
2020	2115.4	341.8	1385.2	388.4	1138.2	977.3	1.1
2025	2068.1	334.3	1326.3	407.5	1110.6	957.5	1.2
2030	2022.4	305.1	1287.4	429.9	1084.3	938.0	1.4
2035	1978.6	273.5	1264.1	441.0	1058.9	919.7	1.6
2040	1942.1	261.0	1223.9	457.2	1037.0	905.1	1.8
2045	1909.1	268.1	1172.9	468.1	1016.4	892.7	1.7
2050	1872.9	276.9	1107.8	488.2	993.9	878.9	1.8

Table 30. Forecasts of population numbers in Latvia for 2015–2050 according to the principal forecast version, thousand people**.

* The average forecasted life expectancy for people of certain age is the number of years which the persons of the respective age would live if the mortality in every age would remain on the level of the year in question.

** Eurostat data.

Socioeconomic Development

The following indicators applied to annual comparison have been used in the report to characterise the overall economic development situation in Latvia and to evaluate the differences between planning regions:

- gross domestic product (GDP);
- total added value according to types of activity;
- non-financial investment;
- economically active statistical units of market sector by forms of commercial activity, size groups and types of activity;
- economically active individual merchants and commercial companies;
- revenue from personal income tax in the budgets of local governments;
- employment and unemployment indicators.

Social and economical development indicators have a different period for which the most important statistical data are available. There are the data for 2010 on employment and unemployment as well as on revenue from personal income tax, part of indicators has the latest data summarised for 2009, but, for example, the GDP data in regional section have currently been calculated only for the period till 2008.

If not specified otherwise, the data of Central Statistical Bureau (CSB) have been used in this subchapter as well.

Gross Domestic Product (GDP)

The GDP is the total value of final products and services produced in the territory of the country during one year, including the GDP produced by residents of Latvia outside the borders of Latvia. The volume of GDP is calculated in both actual and comparable prices. The GDP calculation in comparable prices does not take into account the influence of price fluctuation and this provides the opportunity to evaluate the GDP changes more qualitatively for the purpose of comparing development, and describes the economic changes better. The GDP data are calculated in the comparable prices of 2000 and their volume is about a half less than in actual prices. The volume of GDP is not calculated in comparable prices in regional section, therefore the volume and pace of changes in GDP is analysed in the report in actual prices only.

The gross domestic product is used as principal indicator of economic development. At the time of developing the report the results of GDP calculations in regional section were available for the period till 2008, but for the country as a whole – till 2010, besides the provisional calculations of total GDP of the country include the first quarter of 2011 as well.

Total GDP Dynamics of the Country

In comparable prices, there was a rapid growth of Latvian economy evident till 2007 which decreased in 2008 and dropped really fast in 2009. Year 2010, overall, is the turning-time for economic development path. The

pace of GDP decrease slowed down gradually during the first half of 2010. Recession of economy still continued in the 1st quarter of the year compared to the previous period (quarter). Starting from the 2nd quarter the gross domestic product, in comparable prices, began to increase compared to the previous period, but it increased the level of the respective quarter of previous year, in comparable prices, as of the 3rd quarter of 2010 (see Table 31). Overall, the economy of Latvia shrank by 0.3 % in 2010. According to provisional data the growth of GDP in Latvia continued in the 1st quarter of 2011 compared to the previous period (quarter) by 3.5 %, but compared to the 1st quarter of the previous year – even by 10 %. Growth of GDP is forecasted in the section of whole year 2011.

Year	1 st quart.	2 nd quart.	3 rd quart.	4 th quart.	Year
To the previous period					
2008	78.2	110.4	103.6	100.5	95.8
2009	71.5	109.9	102.4	103.4	82.0
2010	80.7	114.0	108.1	104.2	99.7
To the respective period of the previous period					
2008	100.8	98.5	95.3	89.9	95.8
2009	82.2	81.9	80.9	83.2	82.0
2010	93.9	97.4	102.8	103.6	99.7

Table 31. Gross domestic product index by quarter in Latvia in 2008–2010, in comparable prices of 2000, %.

In 2006 the GDP in comparable prices of 2000 in Latvia was LVL 7.9 billion, it increased by 10.0 % (to LVL 8.69 billion) in 2007, but during the period from 2008 to 2010 it decreased respectively in 2008 by 4.2 % (GDP – LVL 8.32 billion), in 2009 by 18.0 % (LVL 6.83 billion) and in 2010 by 0.3 % (LVL 6.81 billion).

In 2008 the volume of GDP produced in Latvia in actual prices was LVL 16.2 billion, in 2009 it was LVL 13.1 billion, but in 2010 – LVL 12.7 billion (see Table 32 and Fig. 18).

Recession of economic volume in the period of 2008–2010 is both described and explained not only by the overall decrease of GDP, but also by decrease in number of employed people, i.e. those involved in the procedure of creating economic values. In the whole 2008 the number of employed still grew by one percentage point compared to 2007, but in 2009 it rapidly decreased compared to 2007 – for 12 percentage points. The number of employed continued to decrease in 2010 as well, compared to 2007, but on a slower pace – by 5 percentage points – and it constituted 83 % of the level of 2007.

If the produced GDP is calculated in comparable prices not per capita, but per one employed, then the proportion of decrease during 2008–2010, compared to 2007, is relatively not so big. In 2008 it was 95 %, in 2009 – 90 %, but in 2010 – 94 % of the level of 2007. This largely reflects the influence of salary decrease that took place in the period of economic crisis on the decrease of retail and service sectors in formation of total volume of economic values.

In 2010 the greatest share of GDP produced was formed by transactions with real estate (18 %), trade (17 %) and processing industry (15 %).

Year	Total, thousand LVL		Per capita, LVL	
	In actual prices	In comparable prices of 2000	In actual prices	In comparable prices of 2000
2006	11 171 693	7 903 115	4883	3454
2007	14 779 810	8 691 656	6494	3819
2008	16 188 232	8 322 821	7144	3657
2009	13 082 795	6 828 459	5802	3028
2010	12 735 936	6 805 003	5688	3039

Table 32. Gross domestic product of Latvia in 2006–2010.

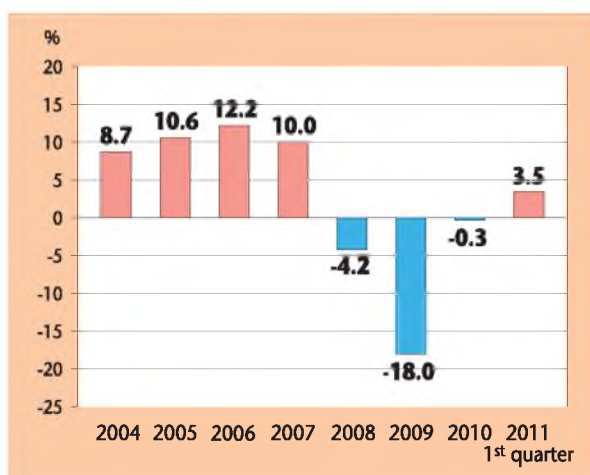


Figure 18. Gross domestic product index in Latvia in 2004–2010 and in the 1st quarter of 2011, in comparable prices of 2000, % to the previous year.

GDP Regional Comparison

The GDP volume indicator in regional comparison reflects the features of placement of workforce and economic activity in Latvia. The proportion of Riga region in the total GDP of the country influenced by the economic role of Riga city clearly pictures itself within the division of GDP. The proportion of GDP produced in Riga region in the total GDP of the country in 2008 composed almost 67 %. As to GDP volume, the second largest was Kurzeme region – 10.4 %, followed by Latgale – 8.4 %, Zemgale – 7.7 % and Vidzeme – 6.6 %. During the period from 2004 to 2008 the proportion of produced GDP in the total GDP of the country decreased slightly in Riga and Kurzeme regions (by 1.1 and 1.5 percentage points, respectively) and increased in Zemgale, Latgale

Planning region	2004	2005	2006	2007	2008
Riga region	5 045 315	6 199 415	7 642 389	9 854 483	10 806 021
Vidzeme region	472 774	563 908	733 130	990 399	1 065 875
Kurzeme region	886 411	965 196	1 149 313	1 517 697	1 688 246
Zemgale region	480 386	629 684	805 037	1 180 164	1 237 667
Latgale region	547 508	691 460	831 952	1 219 612	1 358 320
Total in Latvia	7 434 454	9 059 087	11 171 693	14 779 810	16 188 232

Table 33. Gross domestic product in planning regions in 2004–2008, in actual prices, thousand LVL.

and Vidzeme regions (by 1.2, 1.0 and 0.2 percentage points, respectively, see Table 33).

Calculation of GDP per capita provides an insight into differences in development levels of regions according to economic value produced by the territory. According to this indicator Riga region supersedes the others, too. The volume of GDP per capita in Riga region in 2008 (LVL 9840) was 1.4 times higher than the average in the country. The second largest volume of GDP per capita was in Kurzeme region – LVL 5579, in Vidzeme and Zemgale regions it was LVL 4503 and LVL 4378 respectively. Besides, in 2008 Vidzeme again surpassed Zemgale region according to this indicator which is, most likely, related

Planning region	2004	2005	2006	2007	2008
Riga region	4594	5649	6971	8986	9840
Vidzeme region	1916	2309	3033	4143	4503
Kurzeme region	2841	3118	3741	4979	5579
Zemgale region	1662	2192	2819	4154	4378
Latgale region	1493	1910	2329	3471	3926
Average in Latvia	3214	3938	4883	6494	7144

Table 34. Gross domestic product per capita in planning regions in 2004–2008, in actual prices, LVL.

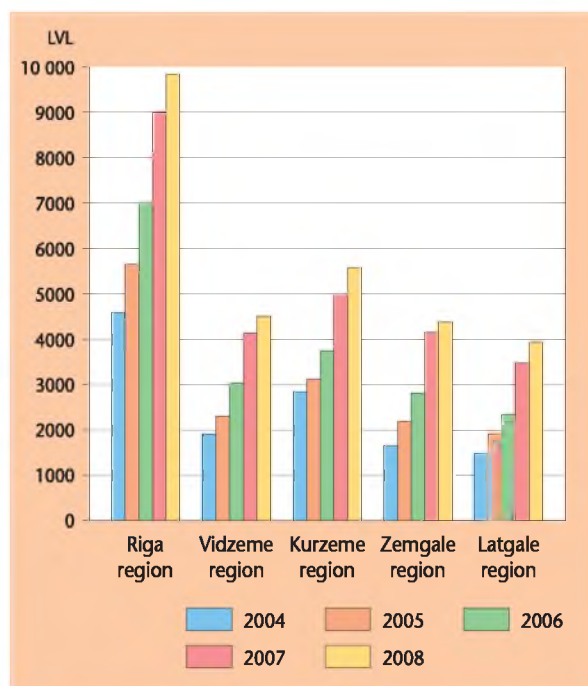


Figure 19. Dynamics of gross domestic product per capita in planning regions in 2004–2008, in actual prices.

to relatively smaller impact of economic crisis in Vidzeme because the economic crisis affected the economic activity of the big cities of Zemgale region in the first place. The lowest volume of GDP per capita in 2008 was again in Latgale – LVL 3926, but it should be noted that compared to the previous year there was relatively the highest increase of GDP per capita in Latgale region – 13.1 % (see Table 34 and Fig. 19 and 20).



Figure 20. Gross domestic product per capita in planning regions in 2008, in actual prices.

Very slow, however progressive decrease of differences between the development level of planning regions during the period from 2004 to 2008 is evidenced by changes in the GDP per capita ratio to the average indicator of the country (see Table 35 and Fig. 21).

Planning region	2004	2005	2006	2007	2008
Riga region	142.9	143.5	142.8	138.4	137.8
Vidzeme region	59.6	58.6	62.1	63.8	63.0
Kurzeme region	88.4	79.2	76.6	76.7	78.1
Zemgale region	51.7	55.7	57.7	64.0	61.3
Latgale region	46.4	48.5	47.7	53.4	55.0
Average in Latvia	100.0	100.0	100.0	100.0	100.0

Table 35. Gross domestic product per capita in planning regions in 2004–2008, in actual prices, % compared to the average in the country.

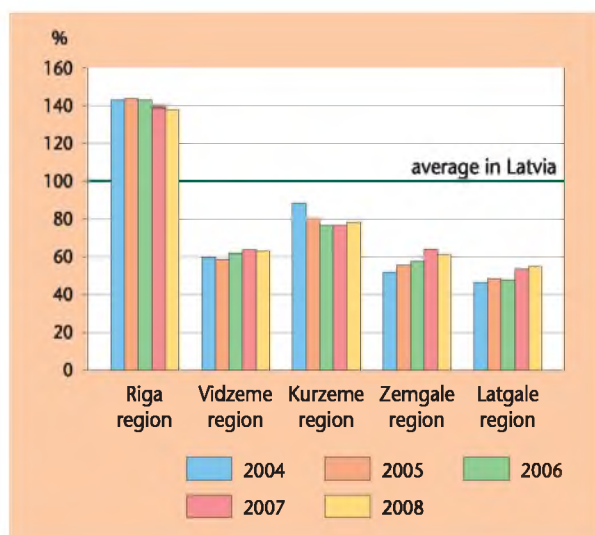


Figure 21. Dynamics of gross domestic product per capita in planning regions in 2004–2008, in actual prices, % compared to the average in the country.

The differences in development of territories in Latvia are additionally reflected by the volume of gross domestic product per capita compared to the average indicator of the European Union. According to the data of 2008 Riga region, the GDP indicator of which is well above average in Latvia, was significantly behind the average of

the European Union – 77.1 %, while the GDP produced by the other planning regions of Latvia composed only 30.8–43.7 % of the average indicator of the EU (see Fig. 22).

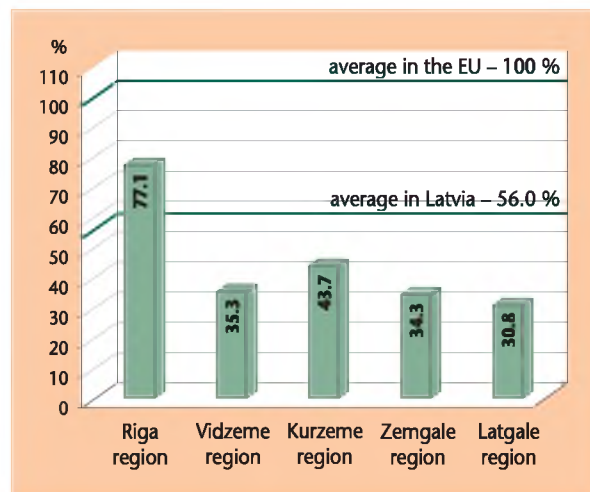


Figure 22. Gross domestic product per capita in planning regions in 2008, % to the average in the European Union, according to the purchasing power parity standard*.

Structure of the Overall Added Value

In the overall added value situation in Latvia the ratio of proportion of trade and service, and the production industries in 2009 was 76.1 % and 23.9 %, respectively. This ratio changed slightly in 2010 and it was 74.1 % to 25.9 %.

In 2010 the greatest contribution to the total added value of the country was ensured by operations with real estate, lease and other commercial activity – 18.9 %, wholesale and retail, repair of vehicles, motorcycles, individual use items, household appliances and equipment – 16.4 %, transport, storage and communications – 12.5 % and processing industry – 12.2 %. The increase was evident in the latest three types of activities in the total added value structure in 2010 compared to 2009.

In regional section the latest information available is about 2008 and in this year the sector and territorial division of added value reflects the profiling economic spectrum of each region. The respective spectrum had formed during a longer period and it characterises the structure of economy in the pre-crisis period (see Table 36).

In 2008 in Riga region the greatest proportion of added values, which was also greater than in other regions, was formed by operations with real estate, lease and other commercial activity – 19.7 %, the second greatest was the sector of wholesale and retail, repair of vehicles, motorcycles, individual use items, household appliances and equipment – 19.2 % and the third was transport, storage and communications – 11.4 %.

The greatest part in the total added value structure in Vidzeme region in 2008 was formed by the sector of wholesale and retail, repair of vehicles, motorcycles,

* Calculations based on Eurostat data.

Planning region	Agriculture, hunting and forestry	Fishing	Mining industry and quarrying	Processing industry	Electricity, gas and water supply	Construction	Wholesale and retail, repair of vehicles, motorcycles, household appliances and equipment	Hotels and restaurants	Transport, storage and communications	Financial intermediation	Operations with real estate and other commercial activity	State government and defence, compulsory social insurance	Education	Health and social care	Public, social and individual services	Total, thousand LVL
Riga region	1.2	...	0.2	9.5	2.7	9.2	19.2	1.9	11.4	7.9	19.7	5.5	4.1	2.9	4.6	9692.2
Vidzeme region	8.1	...	0.8	12.9	3.7	8.7	14.6	1.4	5.5	2.6	12.2	12.2	8.0	3.7	5.4	956.0
Kurzeme region	5.1	0.6	0.5	14.6	2.3	10.9	12.1	1.2	11.6	2.2	15.4	10.6	5.5	3.1	4.3	1514.2
Zemgale region	...	...	1.6	13.6	4.0	7.0	13.8	1.0	6.9	2.1	11.9	11.0	7.3	3.8	4.7	1110.1
Latgale region	...	...	0.6	11.9	2.8	7.4	12.1	1.2	11.7	2.5	12.0	17.3	8.4	4.7	4.7	1218.3
Average in Latvia	3.0	0.1	0.4	10.8	2.9	9.0	17.1	1.7	10.7	6.0	17.4	8.1	5.1	3.2	4.6	14 519.7*

Table 36. Overall added value structure according to the type of activity in planning regions in 2008, in actual prices, %.

individual use items, household appliances and equipment – 14.6 % and processing industry – 12.9 %. The third place (12.2 %) was shared by state government and defence, compulsory social insurance and operations with real estate, lease and other commercial activity.

The most important sector in Kurzeme was operations with real estate, lease and other commercial activity – 15.4 %. Processing industry had significantly higher proportion than the average in the country – 14.6 %. The third most important sector with the proportion of 12.1 % was the field of wholesale and retail, repair of vehicles, motorcycles, individual use items, household appliances and equipment.

In Zemgale region in 2008 the greatest input in the total added value was made by the field of wholesale and retail, repair of vehicles, motorcycles, individual use items, household appliances and equipment – 13.8 %, almost the same was made by the second most important sector, the processing industry – 13.6 %, while operations with real estate, lease and other commercial activity formed 11.9 % in Zemgale.

Latgale region in 2008, as in the previous years, stood out among other regions with the sector of state government and defence, compulsory social insurance as the greatest in the total added value – 17.3 % exceeding the average indicator of the country almost twice. The proportion of wholesale and retail, repair of vehicles, motorcycles, individual use items, household appliances and equipment was 12.1 %, almost the same, 12.0 %, was for operations with real estate, lease and other commercial activities and only a bit less, 11.9 %, was formed by processing industry.

While analysing the structure of added value of the regions those sectors which in the particular regions exceed the average indicators of the country should be mentioned, because they indicated the specialisation of the regions and capacity building. These indicators do not count the activities with real estate as well as the

sectors partly or fully financed from the state budget. Processing industry should be especially noted because in all regions, except Riga region, in 2008 it exceeded the average indicator of Latvia (the most in Kurzeme region – by 3.8 percentage points), as well as the sector of transport, storage and communications which exceeded the average indicator in Riga, Kurzeme and Latgale regions. The proportion of agriculture, hunting and forestry sector was remarkable in Vidzeme region – 8.1 % (more than 5 percentage points higher than average in the country), construction stood out in Kurzeme region – 10.9 %, but in Zemgale region mining industry and quarrying exceeded the average indicator of the country four times.

Non-financial Investment

One of the indicators of economic growth of the territory and development potential is non-financial investment, its volume and changes over time**.

The total volume of non-financial investment grew in the country every year till 2007 by reaching LVL 4613.4 million in comparable prices in 2007. In 2008 the indicator dropped to LVL 4471.8 million, but more significant fall in total volume of investment was evident in 2009 by reaching LVL 2932.6 million (see Table 37).

Planning region	2005	2006	2007	2008	2009
Riga region	2524.0	2907.5	3172.2	3095.5	2015.8
Vidzeme region	280.6	310.5	291.0	284.4	185.4
Kurzeme region	462.9	480.4	479.3	506.8	334.3
Zemgale region	371.5	364.5	381.9	324.0	211.5
Latgale region	314.8	262.5	289.0	261.1	185.6
Total in Latvia	3953.8	4325.4	4613.4	4471.8	2932.6

Table 37. Non-financial investment in planning regions in 2005–2009, in comparable prices of 2009, million LVL.

* Including the products made by Latvian residents outside Latvia.

** Non-financial investment is the long-term immaterial investment, residential buildings, other buildings and constructions, perennial plantings, technological machinery and equipment, other fixed assets and inventory as well as development of fixed assets and costs of unfinished construction objects and capital repairs. Data about non-financial investment are acquired by inspecting all state and local government companies, institutions, commercial companies employing more than 30 people and having net turnover during the previous year above LVL 500 thousand. The other commercial companies are inspected selectively by using the simple random selection (CSB).

Economic crises caused essential changes in the non-financial investment structure. In 2009 the influence in the total investment flow was strengthened by investment in real estate, growth of proportion was evident in state government and defence, compulsory social insurance, while significant fall was suffered by processing industry, accommodation and catering, administrative and service, education, art and entertainment, finance and insurance sectors.

During the reviewed period approximately two thirds of the total investment in the country was made in Riga region, especially Riga. Though the proportion of non-financial investment in Riga region decreased slightly in 2009 compared to the previous year, it was the highest exactly during the last years by approaching to 70 %.

According to forecasts for 2011 which are related to increase of production volumes in processing industry and export, and considering that the load in the industry comes close to the pre-crisis level, there is a reason to believe that growth is expected in the field of non-financial investment which will probably be evident in the indicators of 2010 already*.

Changes in non-financial investment volume per capita are calculated to compare the territories and the course of their development. Non-financial investment indicators are analysed in comparable prices of the last report year, in this case 2009.

The volume of non-financial investment calculated together with individual construction per capita was LVL 1973.4 on average in the country in 2008. This indicator decreased significantly in 2009 – to LVL 1300.6 or by 34 %. Throughout the period, a significantly bigger volume of non-financial investment per capita than the average in the country and than in other regions was evident in Riga region. Indicators of Kurzeme region were a bit lower than the average in the country. On average, they were by 35–40 % lower in Vidzeme and Zemgale regions, but in Latgale the volume of non-financial investment per capita was continuously expressly lower than in other regions (see Table 38 and Fig. 23 and 24).

Planning region	2005	2006	2007	2008	2009
Riga region	2300.0	2652.1	2892.5	2818.9	1837.4
Vidzeme region	1148.9	1284.7	1217.2	1201.6	790.4
Kurzeme region	1495.4	1563.6	1572.3	1674.7	1112.2
Zemgale region	1293.2	1276.5	1344.4	1146.1	753.0
Latgale region	869.5	735.0	822.4	754.7	543.1
Average in Latvia	1718.7	1890.5	2026.9	1973.4	1300.6

Table 38. tabula. Non-financial investment per capita in planning regions in 2005–2009, in comparable prices of 2009, LVL.

* Informative report "On effecting the tasks and performance results of Latvian Strategic Development Plan for 2010–2013 during the current report period", 03.05.2011.

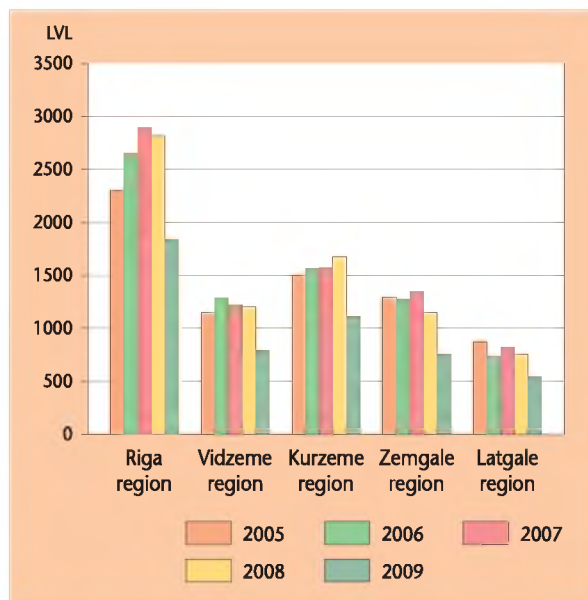


Figure 23. Dynamics of non-financial investment per capita in planning regions in 2005–2009, in comparable prices of 2009.



Figure 24. Non-financial investment per capita in planning regions in 2009, in actual prices.

Economically Active Statistical Units of Market Sector

One may estimate the character and structure of economic activity by the number of economically active statistical units of market sector and their division by form of commercial activity*. This indicator is calculated per 1000 inhabitants and is used for comparing economic activity internationally.

Limited liability companies, joint stock companies, individual merchants, farmer and fishermen households as well as self-employed individuals form the structure of merchants active in the economy of Latvia. The division of merchants as statistical units of market sector

* Economically active statistical units of market sector are legal entities or individuals which sell mainly, or only, their own products or services for a defined price which is economically significant. This sector classifies self-employed individuals, individual enterprises, farmer and fishermen households, individual merchants and commercial companies.

according to the forms of commercial activity by number and proportion is shown on Tables 39 and 40.

Form of commercial activity of the econ. active stat. units of market sector	2007	2008	2009
Self-employed individuals	47 990	42 769	45 279
Individual merchants	7900	8225	8232
Commercial companies	58 910	61 638	62 769
Farmer and fishermen households	14 184	13 276	11 876
Total	128 984	125 908	128 156

Table 39. Number of economically active statistical units of market sector in Latvia in 2007–2009 divided by forms of commercial activity*.

Form of commercial activity of the econ. active stat. units of market sector	Number	% of all forms
Self-employed individuals	45 279	35.3
Individual merchants	8232	6.4
Commercial companies	62 769	49.0
Farmer and fishermen households	11 876	9.3
Total	128 156	100.0

Table 40. Number and proportion of economically active statistical units of market sector in Latvia in 2009**.

There were 128 984 economically active statistical units of market sector in Latvia in 2007, their number decreased to 125 908 in 2008, but in 2009 their number increased again and reached 128 156 units. Almost 69 thousand economically active statistical units of market sector, or 53.8 % of their number in the country, operated in Riga region in 2009, but their division in other regions was quite similar – from 9.8 % to 12.9 % (see Table 41).

Planning region	Total	Self-employed individuals	Individual merchants	Commerc. companies	Farmer and fishermen households
Riga region	68 974	18 042	3250	45 981	1701
Vidzeme region	13 883	6279	912	3864	2828
Kurzeme region	16 230	7168	1473	5072	2517
Zemgale region	12 569	5092	1235	3947	2295
Latgale region	16 500	8698	1362	3905	2535
In Latvia	128 156	45 279	8232	62 769	11 876

Table 41. Number of economically active statistical units of market sector in planning regions in 2009**.

During the period from 2005 till 2009 there were only insignificant changes in the overall structure of statistical units of market sector in regional section. The numbers of self-employed individuals, individual merchants and commercial companies increased in all regions, the differences were in the total number and proportion of the farmer and fishermen households. The structure of

merchants, with predominance of self-employed individuals, is similar in all regions, except Riga region where commercial companies dominate.

On average, there were 56.8 economically active statistical units of market sector per 1000 inhabitants in Latvia in 2009. Most of them, 62.9, were in Riga region followed by Vidzeme region with 59.2 units per 1000 inhabitants. The indicator was below the average of Latvia in other three regions, the lowest number of active statistical units of market sector per 1000 inhabitants was in Zemgale (see Table 42 and Fig. 25).

Planning region	2005	2006	2007	2008	2009
Riga region	50.6	55.7	61.0	60.2	62.9
Vidzeme region	53.5	57.1	60.4	59.0	59.2
Kurzeme region	43.3	50.4	54.9	53.0	54.0
Zemgale region	44.2	47.0	50.1	46.9	44.8
Latgale region	40.0	44.0	47.5	47.7	48.3
Average in Latvia	47.5	52.2	56.7	55.6	56.8

Table 42. Number of economically active statistical units of market sector per 1000 inhabitants in planning regions in 2005–2009*.

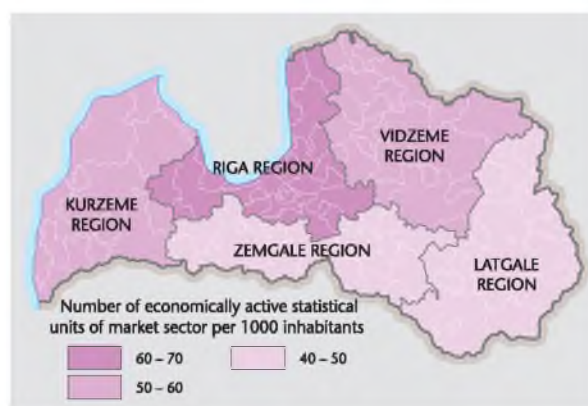


Figure 25. Number of economically active statistical units of market sector per 1000 inhabitants in planning regions in 2009**.

The economically active statistical units of market sector are divided into four size groups according to the number of employees: micro (the number of employees equal or smaller than 9), small (from 10 to 49), medium (from 50 to 249) and large (the number of employees larger than 249).

During the period of 2004–2008 the number of large companies in the country increased by 58 ones, but in 2009 it decreased by 56. In 2009, compared to 2008, there was a significant decrease in number of not only large, but also medium (by 449) and small (by 2183) companies. However, the number of micro-companies, on the contrary, grew rapidly (almost by 5000) giving the overall growth in number of economically active statistical units of market sector. In 2009 more than 90 %

* 2009 – provisional data of CSB.

** Provisional data of CSB.

* 2009 – provisional data of CSB.

** Provisional data of CSB.

of all statistical units of market sector corresponded to the micro size group (see Table 43).

The average of 64.9 % of statistical units of market sector operated in the field of trade or provided services in 2009 in Latvia. There was much more significant proportion of these types of activities in Riga region, 78.8 %, while in other regions they were in the range of 50 %. Compared to 2008 the proportion of companies operating in trade and service sectors grew for more than 4 percentage points. 21.7 % of all statistical units were operating in agriculture in 2009 – by 3.2 percentage points less than in 2008. Contrary to trade and service sectors, the proportion of statistical units of market sector operating in agricultural sector in Riga region was comparatively very low – less than 6 %, while in other four regions it was around 40 %. The proportion of companies operating in construction sector decreased slightly in the country in 2009 if compared to 2008, but in industrial and energy sector it slightly increased (see Table 44).

Size group	2008		2009	
	Number	Proportion, %	Number	Proportion, %
Micro	110 683	87.9	115 619	90.2
Small	12 346	9.8	10 163	7.9
Medium	2486	2.0	2037	1.6
Large	393	0.3	337	0.3
Total in Latvia	125 908	100.0	128 156	100.0

Table 43. Number and proportion of economically active statistical units of market sector in Latvia in 2008 and 2009 by size groups*.

Planning region	Number	In percent by type of activity				
		Agri- culture	Industry and energy	Construc- tion	Trade and services	Extraterrit. org. and instit. which do not have a defined type of activity
Riga region	68 974	5.9	6.8	7.1	78.8	1.4
Vidzeme region	13 883	42.9	6.4	4.0	45.7	1.1
Kurzeme region	16 230	36.1	7.1	4.9	51.3	0.5
Zemgale region	12 569	38.0	6.1	4.0	51.4	0.5
Latgale region	16 500	43.1	5.6	2.7	46.7	1.8
In Latvia	128 156	21.7	6.6	5.6	64.9	1.2

Table 44. Economically active statistical units of market sector divided by main types of activity in 2009**.

Economically Active Individual Merchants and Commercial Companies

While the employment decreases and unemployment increases respectively, the changes in number of individual merchants and commercial companies become a significant indicator of the economy both in the country as a whole and in the section of each region, because it shows the re-structuring of activities of economically active people.

During the period from 2005 to 2009 the number of individual merchants and commercial companies increased both in the country as a whole (by 16.4 thou-

sand or 29.9 %), with an increase every year, and in each region. The most significant increase in number was evident in Zemgale region – by 45.0 %, also the average indicator of Latvia was exceeded by growth in number of individual merchants and commercial companies in Latgale region – by 32.8 %, in Kurzeme region – by 32.5 % and Vidzeme region – by 31.4 %. While Riga region had the largest growth in absolute numbers – 10.7 thousand, but the lowest in terms of percentage (27.8 %).

When the data of 2008 and 2009 were compared, the picture was different. The increase of the total number of individual merchants and commercial companies in the country in 2009 (by 1.1 thousand or 1.6 %) was ensured by increase of their number in Riga region (by 1.4 thousand or 3.0 %). In the other four regions the number of individual merchants and commercial companies slightly decreased, most of it in Zemgale region (by 143 units or 2.7 %, see Table 45).

Planning region	2005	2006	2007	2008	2009
Riga region	38 531	42 401	46 245	47 808	49 231
Vidzeme region	3634	4252	4511	4792	4776
Kurzeme region	4940	5711	6291	6627	6545
Zemgale region	3575	4385	4866	5325	5182
Latgale region	3966	4545	4897	5311	5267
Total in Latvia	54 646	61 294	66 810	69 863	71 001

Table 45. Number of economically active individual merchants and commercial companies in planning regions in 2005–2009*.

The number of individual merchants and commercial companies per 1000 inhabitants is used as one of the indicators for comparing territory development level and calculating the development indexes. According to this indicator Riga region is notably superior to all other regions in Latvia; there were 44.9 individual merchants and commercial companies per 1000 inhabitants in Riga region in 2009, while the indicator of Latgale region, 15.4, was by a half smaller than the average of Latvia (31.5). In the other regions the indicator varied within the range from 18 to 22 individual merchants and commercial companies per 1000 inhabitants.

During the five year period the number of economically active individual merchants and commercial companies per 1000 inhabitants in the regions differed 3.2 times as maximum and 2.8 times as minimum. From the point of view of company division structure, added value and especially the level of entrepreneurship activity this great difference evidences the stable existing negative regional differences.

During the period from 2005 to 2009 the number of individual merchants and commercial companies per 1000 inhabitants in the country grew by 7.7 units. At the beginning of the period there was a more rapid increase in the regions where the number of individual merchants and commercial companies per 1000 inhabitants was smaller,

* 2009 – provisional data of CSB.

** Provisional data of CSB.

* 2009 – provisional data of CSB.

but at the end of the period the pace of increase in these regions slowed down or the indicator even decreased a little. As the result the increase of the number of individual merchants and commercial companies per 1000 inhabitants in the country was mostly provided by Riga region – during the period of 2005–2009 this indicator increased by 9.8 units (see Table 46 and Fig. 26 and 27).

Planning region	2005	2006	2007	2008	2009
Riga region	35.1	38.7	42.2	43.5	44.9
Vidzeme region	14.9	17.6	18.9	20.2	20.4
Kurzeme region	16.0	18.6	20.6	21.9	21.8
Zemgale region	12.4	15.4	17.1	18.8	18.4
Latgale region	11.0	12.7	13.9	15.4	15.4
Average in Latvia	23.8	26.8	29.4	30.8	31.5

Table 46. Number of economically active individual merchants and commercial companies per 1000 inhabitants in planning regions in 2005–2009*.

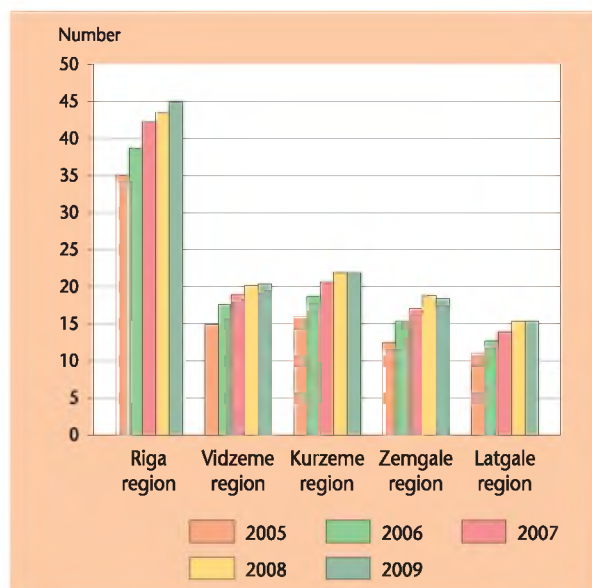


Figure 26. Dynamics of the number of economically active individual merchants and commercial companies per 1000 inhabitants in planning regions in 2005–2009*.

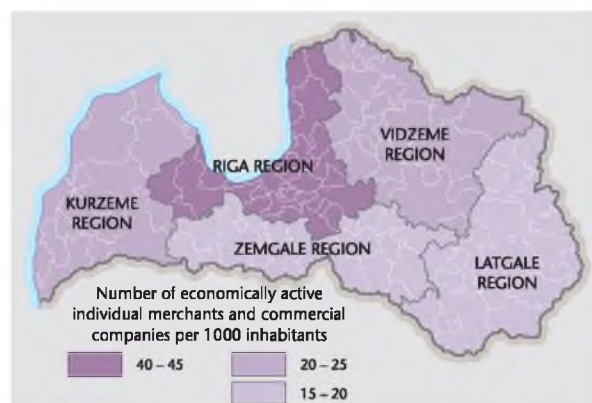


Figure 27. Number of economically active individual merchants and commercial companies per 1000 inhabitants in planning regions in 2009**.

* 2009 – provisional data of CSB.

** Provisional data of CSB.

Employment Level

The employment indirectly characterises the level of economic development of planning regions and the activity of residents. Level of employment is calculated in Latvia according to the number of employed residents in percent of the total number of residents (in the age from 15 to 74 years), and the employment level shows what part of residents able to work have been actually employed in the economy during the respective period*.

The total number of employed residents in 2010 in Latvia was 940.9 thousand people, i.e. by 46 thousand less than in 2009 and by 183 thousand less than in 2008. Overall, the employment level increased in Latvia from 2006 to 2008, but during the last two years reviewed the number of employed decreased in all planning regions, except Vidzeme, where a slight increase of the number of employed people was evident in 2010. During the whole report period, from 2006 to 2010, the number of employed residents in Latvia decreased by 146.7 thousand. More than a half of this decrease, 79.7 thousand or 54.3 %, was in Riga region, which generally corresponds to the division of residents able to work throughout the regions.

In 2010 more than a half, 474.2 thousand or 50.4 %, of the total number of employed in the country was in Riga region, 14.2 % in Latgale, 13.4 % in Kurzeme, 11.9 % in Zemgale and 10.1 % in Vidzeme (see Table 47).

Planning region	2006	2007	2008	2009	2010
Riga region	553.9	575.2	573.4	504.0	474.2
Vidzeme region	105.0	105.9	105.9	94.0	95.5
Kurzeme region	138.4	145.7	144.5	128.4	125.9
Zemgale region	129.4	133.4	137.5	118.8	111.7
Latgale region	160.9	158.8	162.8	141.5	133.7
Total in Latvia	1087.6	1119.0	1124.1	986.7	940.9

Table 47. Number of employed in planning regions in 2006–2010, thousand people**.

Unlike a lot of other economic development indicators which improved in Latvia in 2010 compared to 2009 the number of employed residents continued to decrease what may be explained by changes in employment level in the group of retirement age residents. In 2010 the number of employed relatively decreased most in Zemgale region – by 6.0 %, decrease in Riga region was 5.9 %, in Latgale region it was 5.5 %, but in Kurzeme region – 1.9 %, while in Vidzeme region, as noted earlier, the level of employment increased slightly – by 1.6 %.

* The employed residents are all the persons of 15–74 years that have performed any work during the report week, whether for remuneration in cash or by products or services. The self-employed persons in entrepreneurship, rural household or professional practice are also deemed as employed. The number of employed includes also those persons who work in their rural household (farmer or home) to produce the products for own consumption or for sale.

** According to data of selective workforce survey by CSB.

Planning region	2006	2007	2008	2009	2010
Riga region	64.9	65.7	65.9	57.9	54.8
Vidzeme region	55.6	57.0	57.7	52.0	52.0
Kurzeme region	57.4	61.6	61.2	54.6	53.8
Zemgale region	60.3	59.5	60.9	53.6	50.7
Latgale region	51.6	56.3	58.1	50.8	49.7
Average in Latvia	60.1	62.0	62.6	55.2	53.1

Table 48. Resident employment level in planning regions in 2006–2010, %*.

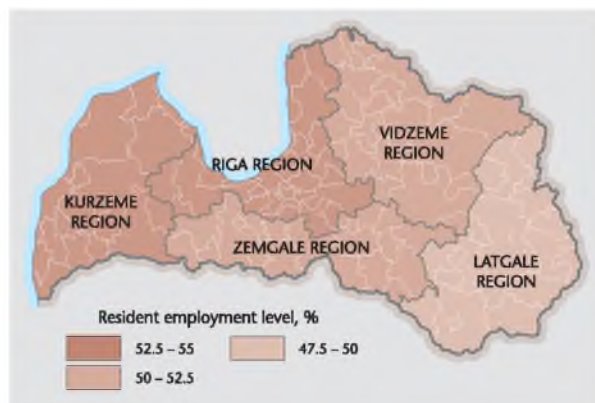


Figure 28. Resident employment level in planning regions in 2010*.

In 2010 the overall employment level in Latvia was 53.1 % – by 7.0 percentage points lower than in 2006 and by 9.5 percentage points lower than the highest

employment level of 2008. Throughout the period the highest employment level was in Riga region (54.8 % in 2010) and since 2007 also in Kurzeme region (53.8 % in 2010), while the lowest it was in Latgale region (49.7 % in 2010, see Table 48 and Fig. 28).

Employment Structure

The employment structure or distribution of employed according to main types of economic activity largely corresponds to distribution of GDP or added value generated in the sectors of economy.

In 2010 trade and services provided for 67.2 % of all working places in the country. This indicator remained unchanged compared to the previous year, but compared to 2008 it had increased by almost 4 percentage points. 75.0 % of the total number of employed ones was employed in trade and provision of services in Riga region in 2010, 63.4 % in Latgale region, 60.4 % in Zemgale region, 56.9 % in Kurzeme region and 55.6 % in Vidzeme region. According to this indicator a slight increase in differences between the regions has taken place since 2008 mainly due to increase of proportion of trade and service sector in Riga region.

In 2010 industry and energy was the second most important field as per proportion of employment – 16.9 % in average in the country. During the last years this field suffered fluctuations in employment level – a decrease from 17.6 % in 2008 to 16.2 % in 2009 and an increase in 2010. In regional section in 2010 the highest number of employed in industry and energy field was in Kurzeme region – 21.1 %, in Vidzeme, Latgale and Zemgale regions this indicator was in a range from 18.2 % to 20.1 %, while in Riga region it was significantly lower – only 14.5 %.

According to employment indicators in 2009 agriculture, hunting and fishery sector overtook the construction sector which was ranked higher before and during the last two years it stabilised at the level of 8.8 %. The regions differ quite significantly as per the proportion of employed in agriculture, hunting and fishery sector. In 2010 in Riga region there were only 2.9 % employed in this sector, but it had a very large weight in Vidzeme – 17.5 %, and in other regions the indicator was important also: 15.2 % in Zemgale, 14.1 % in Kurzeme, 12.8 % in Latgale (see Tables 49, 50 and 51).

Year	Total number of employed	Agriculture, forestry and fishery	Industry and energy	Construction	Trade, accommodation and catering services	Transport, storage, information and communication services	Financial, insurance, scientific and administration services, operation with real estate	State government and defence, compulsory social insurance	Education	Health and social care	Other types of economic activity
2008	1124.1	88.8	197.9	127.8	212.4	124.2	87.8	86.6	93.2	52.4	52.9
2009	986.7	86.9	159.8	76.8	188.0	112.6	90.5	78.2	89.5	52.3	51.7
2010	940.9	82.5	159.2	66.4	179.0	111.0	92.8	62.5	95.5	47.5	44.1

Table 49. Division of employed residents according to the main types of economic activity in 2008–2010, thousand people*.

Year	Total number of employed	Agriculture, forestry and fishery	Industry and energy	Construction	Trade, accommodation and catering services	Transport, storage, information and communication services	Financial, insurance, scientific and administration services, operation with real estate	State government and defence, compulsory social insurance	Education	Health and social care	Other types of economic activity
2008	100.0	7.9	17.6	11.4	18.9	11.0	7.8	7.7	8.3	4.7	4.7
2009	100.0	8.8	16.2	7.8	19.1	11.4	9.2	7.9	9.1	5.3	5.2
2010	100.0	8.8	16.9	7.1	19.0	11.8	9.9	6.6	10.2	5.0	4.7

Table 50. Division of employed residents according to main types of economic activity in 2008–2010, % from the total number of employed*.

* According to data of selective workforce survey by CSB.

Planning region	Total number of employed, thsd. people	Agriculture, forestry and fishery	Industry and energy	Construction	Trade, accommodation and catering services	Transport, storage, information and communication services	Financial, insurance, scient. and adm. services, operation with real estate	State government and defence, compulsory social insurance	Education	Health and social care	Other types of economic activity
Riga region	747.2	2.9	14.5	7.5	21.9	14.6	12.1	6.4	9.2	5.3	5.3
Vidzeme region	95.5	17.5	20.1	6.7	16.7	6.6	7.2	5.6	11.5	4.8	3.3
Kurzeme region	125.9	14.1	21.1	7.9	15.2	8.7	7.5	6.9	11.0	3.9	3.8
Zemgale region	111.7	15.2	18.2	6.3	16.0	8.8	8.1	6.8	11.4	4.5	4.9
Latgale region	133.7	12.8	18.3	5.4	16.5	10.9	7.5	7.9	10.6	5.8	4.1
In Latvia	940.9	8.8	16.9	7.1	19.0	11.8	9.9	6.6	10.2	5.0	4.7

Table 51. Division of employed residents according to main types of economic activity in planning regions in 2010, % from the total number of employed*.

Unemployment

The unemployment level in territorial and time period section is used as the basic indicator for describing the economical situation and social conditions. In this edition the unemployment level is calculated according to proportion of unemployed persons registered in the State Employment Agency in the number of residents in working age. Both of these indicators are available for all administrative territories of the country, therefore comparing of unemployment level between the territories in one territory group as well as between various territory groups is ensured.

The number of registered unemployed persons was decreasing in Latvia till the end of 2007, but since the second quarter of 2008 it began to grow and reached 76 435 at the end of 2008. The fastest growth of unemployment was during 2009 by reaching 179 235 registered unemployed persons at the end of the year. During the first quarter of 2010 the number of registered unemployed persons continued to grow in the country by reaching 194 253, but in the middle of the year their number stabilised and started decreasing at the end of the year – there were 162 463 unemployed persons registered at the end of 2010. At the beginning of 2011 the number of unemployed continued to decrease and on 30 May their number was 150 479 (see Table 52 and Fig. 29).

Planning region	2006	2007	2008	2009	2010
Riga region	22 784	18 642	30 435	74 610	62 536
Vidzeme region	7240	5340	7906	19 367	17 726
Kurzeme region	9096	7087	10 483	25 137	22 660
Zemgale region	8398	6224	9764	24 038	21 946
Latgale region	21 426	15 028	17 847	36 083	37 595
Total in Latvia	68 944	52 321	76 435	179 235	162 463

Table 52. Number of unemployed in planning regions in 2006–end of 2010**.

At the end of 2007 the level of unemployment reached the lowest level of the report period– 3.5 %.

* According to data of selective workforce survey by CSB.

** Data of State Employment Agency (SEA).

During 2008 the unemployment increased by 1.7 percentage points and reached 5.2 %. At the end of 2009 the proportion of unemployed persons among residents in working age increased to 12.0 % already – during one year the level of unemployment increased by 6.8 percentage points. While during 2010 it decreased slightly, by 1.0 percentage points, and at the end of the year the level of unemployment in Latvia was 11.0 %.

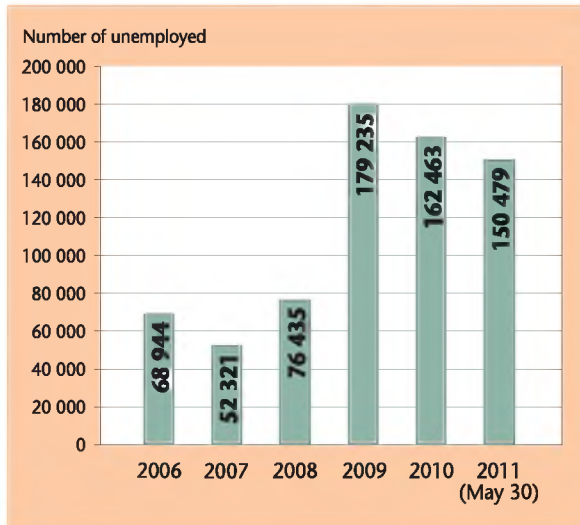


Figure 29. Number of unemployed in 2006–end of 2010 and May 30, 2011*.

At the end of 2010 38.5 % of all unemployed registered in the country were registered in Riga region, 23.1 % in Latgale region, but in the other three regions – within the range from 10.9 % to 13.9 % (see Fig. 30).

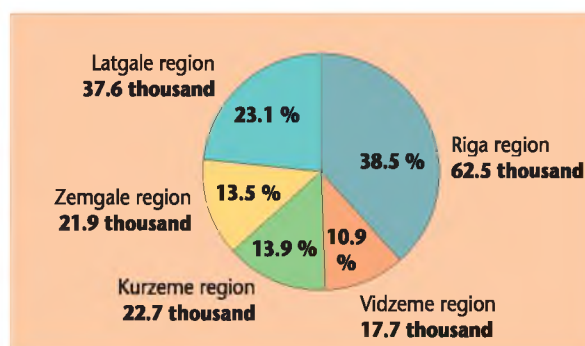


Figure 30. Number of unemployed in planning regions and their proportion in the total number of unemployed in the country at the end of 2010*.

* Data of SEA.

Throughout the report period the highest unemployment level among the regions was in Latgale region, and this is the only region in Latvia with continuously increasing level of unemployment throughout 2010. At the beginning of 2010 the unemployment level in Latgale region was 16.0 % (average in the country – 12.0 %), but at the beginning of 2011 it was 16.9 % (average in the country – 11.0 %). Riga region, in turn, is continuously characterised by the lowest level of unemployment – at the beginning of 2010 it was 10.3 %, but at the beginning of 2011 – 8.7 %. At the beginning of 2011 Riga region was the only one among the planning regions where the level of unemployment did not exceed 10 % limit and also the only one where it was lower than the average of the country. In Vidzeme, Kurzeme and Zemgale regions at the beginning of 2011 the unemployment level was within the range of 11–12 % (see Table 53 and Fig. 31, 32 and 33).

Planning region	2006	2007	2008	2009	2010	2011
Riga region	3.4	3.2	2.6	4.2	10.3	8.7
Vidzeme region	5.5	4.7	3.5	5.1	12.6	11.6
Kurzeme region	5.3	4.6	3.6	5.3	12.8	11.7
Zemgale region	5.6	4.5	3.3	5.2	12.9	11.9
Latgale region	10.8	9.3	6.6	7.8	16.0	16.9
Average in Latvia	5.3	4.6	3.5	5.2	12.0	11.0

Table 53. Level of unemployment in planning regions in 2006–beginning of 2011, %*.

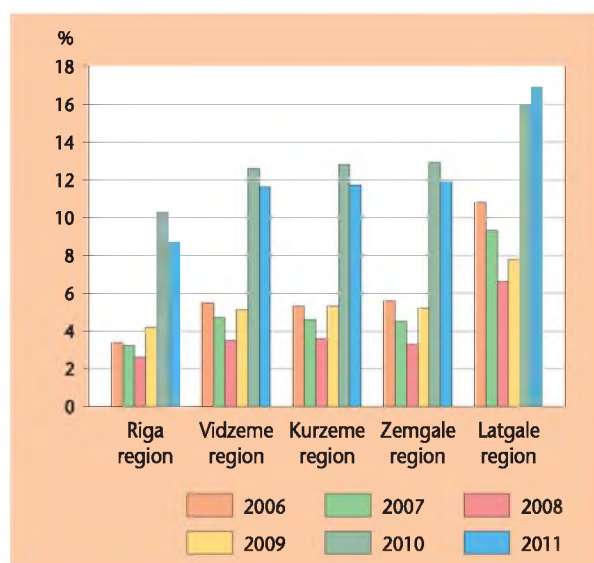


Figure 31. Dynamics of level of unemployment in planning regions in 2006–beginning of 2011*.

During the period till 2008 there were significant differences evident in unemployment structure in division of the unemployed by gender – more than 60 % of registered unemployed persons were women. In 2008 and 2009 the differences gradually levelled, the proportion of women among all unemployed registered in the country reached 51.0 %, but in 2010 it slightly increased again to 54.2 % at

* Calculations of SRDA by using the data of SEA (number of unemployed), CSB (number of residents at working age in 2006–beginning of 2008) and OCMA (number of residents at working age in 2009–beginning of 2011).

the end of the year. Throughout the report period Latgale region had the smallest proportion of unemployed women in the total number of registered unemployed persons, at the end of 2010 it was 50.4 %, while the highest indicator was generally in Riga region – 56.3 % at the end of 2010. In the other regions at the end of 2010 this indicator varied within the range of 53.7–54.6 %. Overall, in Riga, Vidzeme, Kurzeme and Zemgale regions the proportion of women among registered unemployed persons at the end of 2010 was close to the proportion of women in the gender structure of residents, while in Latgale region the proportion of women in the gender structure of residents was larger than their proportion in the number of unemployed (see Table 54).

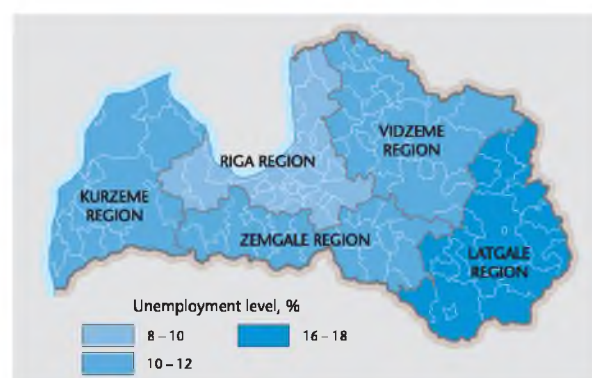


Figure 32. Level of unemployment in planning regions at the beginning of 2011*.



Figure 33. Changes in the level of unemployment in planning regions at the beginning of 2011 compared to the beginning of 2010*.

Planning region	2006	2007	2008	2009	2010
Riga region	64.5	64.3	52.6	52.2	56.3
Vidzeme region	61.4	62.1	48.9	49.4	53.7
Kurzeme region	63.4	62.7	52.8	51.4	55.1
Zemgale region	62.7	63.6	50.5	50.0	54.6
Latgale region	55.2	56.6	52.4	48.9	50.4
Average in Latvia	60.9	61.6	52.0	51.0	54.2

Table 54. Proportion of women in the total number of registered unemployed persons in planning regions in 2006–end of 2010, %**.

* Calculations of SRDA by using the data of SEA (number of unemployed) and OCMA (number of residents at working age).

** Data of SEA.

Workforce Movement in 2010 and Forecasts

In 2010 the number of economically active residents* at the age from 15 to 74 years decreased compared to 2009 by 2.6 % – from 1187.3 thousand to 1157.0 thousand, while the number of job seekers increased by 7.6 % – from 200.7 thousand to 216.1 thousand. By comparison, 91.3 thousand people were looking for job in 2008. The proportion of job seekers in the total number of economically active residents reached 18.7 % in 2010.

In regional section in 2010, compared to 2009, the greatest relative fall in number of economically active residents was in Latgale region – by 4.3 %. In Zemgale and Vidzeme regions the decrease was 3–3.5 %, in Riga region – 2.1 %, but in Kurzeme region – 1.3 %. The greatest proportion of job seekers in the number of economically active residents in 2010 was in Latgale region – 21.6 %, but the lowest in Vidzeme region – 14.6 %. Compared to 2009 this indicator grew faster in Riga region – by 3.3 percentage points, and in Zemgale region – by 2.3 %. There was increase within the limits of one percentage point also in Latgale and Kurzeme regions, while in Vidzeme the contrary situation was evident – the proportion of job seekers in the total number of economically active residents decreased by 4.1 percentage points (see Tables 55 and 56).

Planning region	2006	2007	2008	2009	2010
Riga region	32.5	33.5	44.3	98.9	116.2
Vidzeme region	7.2	7.4	10.7	21.6	16.3
Kurzeme region	11.3	8.0	10.0	22.0	22.7
Zemgale region	9.3	9.2	11.6	28.5	30.8
Latgale region	19.5	13.9	15.0	29.7	30.1
Total in Latvia	79.9	72.1	91.6	200.7	216.1

Table 55. Number of job seekers in the age from 15 to 74 years in planning regions in 2006–2010, thousand people**.

Planning region	Econ. active residents, thousand	Job seekers, thousand	Proportion of job seekers in the total number of econ. active residents, %
Riga region	590.4	116.2	19.7
Vidzeme region	111.8	16.3	14.6
Kurzeme region	148.5	22.7	15.3
Zemgale region	142.4	30.8	21.6
Latgale region	163.8	30.1	18.4
In Latvia	1157.0	216.1	18.7

Table 56. Number of job seekers and their proportion in the total number of economically active residents in planning regions in 2010**.

Negative processes on labour market were influenced by economic crisis. Though according to other indicators of economic development the general condition of economy stabilised in 2010 and even improved, the influence of economic restructuring reflected in the em-

ployment aspect and therefore the decrease in volume of employment and its proportion still continued. This corresponds to the labour market development forecast* which foresees somewhat moderate positive tendencies (increase of employment) later than the general growth of economy. The forecast is that the increase in demand for workforce will renew in 2011, but it will not be big and a significant predominance of workforce offer over demand will remain till 2015.

Personal Income Tax

Revenue from personal income tax in the budgets of local governments indirectly reveals the volume of constant income of residents as well as generally forms the most essential part of revenue in the budgets of local governments. Income of residents was increasing till 2008, the share of personal income tax transferred into the budget of local governments increased and the total revenue of local government budget from this tax increased also. The recession of resident income in 2009 sharply reflected also in the budgets of local governments – the revenue from personal income tax decreased in the country by 27.4 % in average. While in 2010, compared to 2009, the revenue from personal income tax in budgets of local governments increased by 6.0 % in average. Nevertheless, the increase in personal income tax volume in 2010 is not generally related to increase of resident welfare or level of salaries, but it reflects the changes in laws, whereby the personal income tax rate for salaries increased from 23 % to 26 %, tax rate for revenue from economic activity and royalties increased from 15 % to 26 %, and as of 2010 the income of individuals from capital are also subject to personal income tax. The impact of personal income tax rate increase and expansion of tax base is even more brightened by the fact that in 2010, compared to 2009, the proportion of personal income tax which is transferred to the local government budget was decreased from 83 % to 80 %.

During the report period the highest total volume of revenue from personal income tax in the budgets of local governments was in 2008, LVL 830.6 million. In 2009 the tax revenue decreased to LVL 599.6 million, but in 2010 the total revenue from personal income tax in the budgets of all local governments reached LVL 635.6 million (see Table 57).

Planning region	2006	2007	2008	2009	2010
Riga region	302.6	428.9	507.5	372.4	384.3
Vidzeme region	39.7	56.8	67.1	47.4	51.9
Kurzeme region	53.1	75.9	90.6	62.6	72.2
Zemgale region	50.2	73.6	88.9	63.5	69.3
Latgale region	46.4	65.8	76.5	53.8	57.9
Total in Latvia	491.9	701.0	830.6	599.6	635.6

Table 57. Revenue from personal income tax in the budgets of local governments in planning regions in 2006–2010, million LVL**.

* Economically active residents or workforce are the persons employed and the persons actively looking for a job.

** According to data of selective workforce survey by CSB.

* Informative report "On effecting the tasks and performance results of Latvian Strategic Development Plan for 2010–2013 during the current report period", 03.05.2011.

** Data of State Treasury.

Changes in revenue from personal income tax calculated per capita in 2006–2010 reflect the same dynamics as the changes in absolute volume of tax – in 2008 the revenue from personal income tax per capita in the budgets of local governments reached the highest level of LVL 367.3. After the decrease in 2009, LVL 266.7 per capita, the revenue increased again in 2010 and reached LVL 285.1 per capita.

Notwithstanding the sharp decrease in revenue from personal income tax in 2009 influenced by the economic crisis, during the five year period, from 2006 to 2010, the gross volume of revenue from personal income tax in the budgets of local governments and calculated per capita increased in all regions while great differences between the regions remained at the same time. Revenue from personal income tax per capita describes territorial differences most expressively – in 2010 in Riga region the average volume of revenue from this tax in the budget of local government per capita was LVL 352.6, but in Latgale region it was LVL 172.8, or two times less. In Zemgale, Kurzeme and Vidzeme regions the indicator was quite similar, LVL 225–250 per capita, but it did not reach the average indicator of the country (LVL 285.1), thus stressing the significant disproportion with respect to income of residents between Riga region and the rest of the territory of the country.

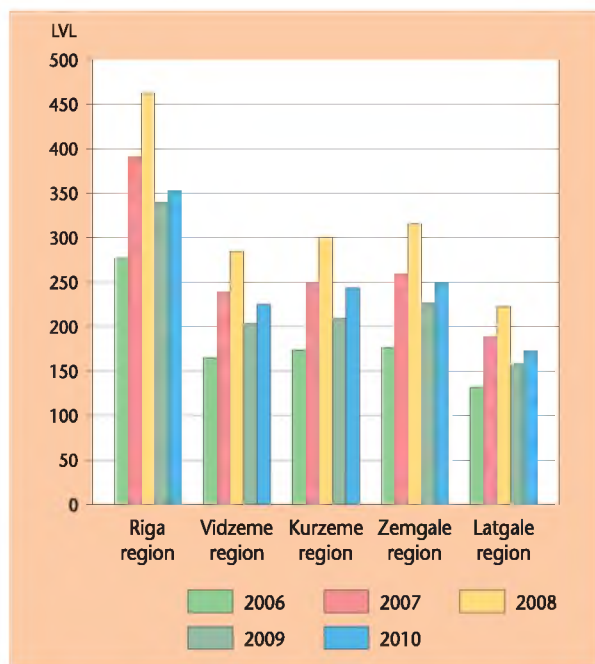


Figure 34. Dynamics of revenue from personal income tax per capita in the budgets of local governments in planning regions in 2006–2010*.

Recession in revenue from personal income tax in 2009, compared to 2008, was in a similar relative volume in all planning regions, by 26.4–30.4 %, while the tax increase dynamics of 2010 reveal significant essential

differences between the regions – in Kurzeme region the increase was 16.4 %, in Vidzeme, Zemgale and Latgale regions – 9–11 %, but in Riga region it was only 3.8 %. In absolute figures as well, the greatest increase was in Kurzeme region, by LVL 34.4 per capita, but the lowest – in Riga region, by LVL 12.8 per capita (see Table 58 and Fig. 34, 35 and 36).

Planning region	2006	2007	2008	2009	2010
Riga region	276.2	390.7	462.0	339.8	352.6
Vidzeme region	165.0	239.0	284.8	202.9	224.8
Kurzeme region	173.5	249.9	300.4	209.0	243.4
Zemgale region	176.2	259.5	315.4	226.8	250.1
Latgale region	130.8	189.0	222.6	158.4	172.8
Average in Latvia	215.6	308.7	367.3	266.7	285.1

Table 58. Revenue from personal income tax per capita in the budgets of local governments in planning regions in 2006–2010, LVL*.

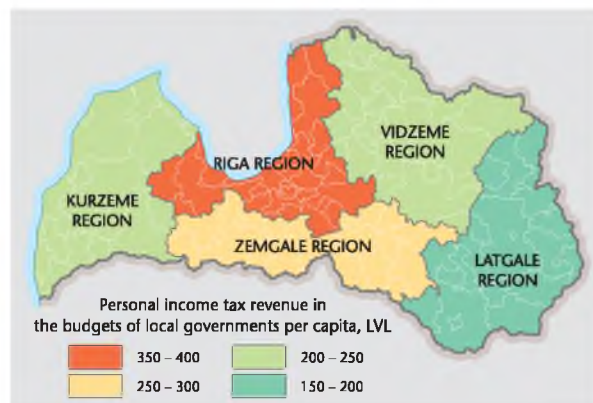


Figure 35. Revenue from personal income tax per capita in the budgets of local governments in planning regions in 2010*.

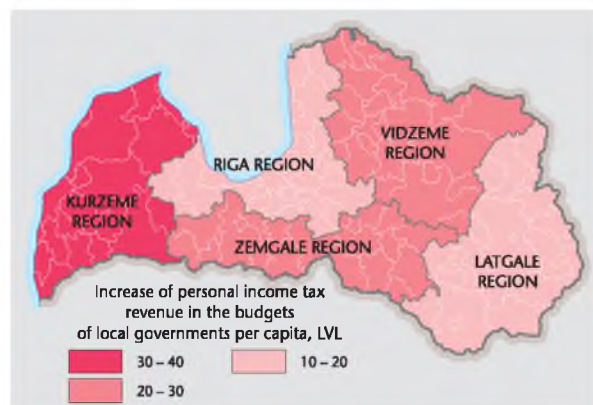


Figure 36. Increase of revenue from personal income tax per capita in the budgets of local governments in planning regions in 2010 compared to 2009*.

* Calculations of SRDA by using the data of State Treasury (RIT revenue) and CSB (population number).

* Calculations of SRDA by using the data of State Treasury (RIT revenue) and CSB (population number).

Differences between the regions by volume of average gross monthly salary of employees* are smaller than by revenue from personal income tax per capita, they are influenced by greater proportion of public sector, which receives higher average salary, outside the capital and the levelling role of this sector. Differences between the regions by the highest and lowest volumes of salary have not changed during the report period, both in 2006 and in 2010 the ratio of the highest indicator, salary in Riga region, to the lowest indicator, salary in Latgale region, was 1.6 times.

Average gross salary is one of the indicators where, after reaching its maximum in 2008 (LVL 479), recession was evident not only in 2009 (LVL 461), but also in 2010 (LVL 445). In 2009, compared to 2008, the average gross salary in the country decreased by 3.8 %, but in 2010, compared to 2009, by 3.5 % (see Table 59).

Planning region					2010		
	2006	2007	2008	2009	Total	Public sector	Private sector
Riga region	337	440	527	511	492	528	470
Vidzeme region	235	309	381	354	341	374	317
Kurzeme region	249	334	408	386	382	383	381
Zemgale region	245	325	395	370	357	377	340
Latgale region	214	277	341	320	309	347	271
Average in Latvia	302	398	479	461	445	470	427

Table 59. Average gross monthly salary of employees in planning regions in 2006–2010, LVL.

Poverty and Social Imparity

Summarisation of mutually comparable statistics of European Union countries on income, their distribution, poverty level and structure is performed by the statistics research system called the Community statistics with respect to income and living conditions (EU-SILC).

Data of EU-SILC for the period of 2005–2009 confirm that there remains a high poverty risk in Latvia, i.e. the proportion of persons having income below the poverty risk threshold**. During the period till 2008 the volume of income possessed by the consumers increased rapidly which considerably increased the poverty risk threshold as well. In 2009 the income of residents decreased what, in turn, decreased the poverty risk threshold as a mathematical figure. According to the calculation in 2009 21 % (approximately 475 thousand) of residents of Latvia were

subject to the poverty risk (to compare – in 2005 it was 23 % or approximately 530 thousand, see Table 60).

	2005	2006	2007	2008	2009
Average possessed income per 1 equivalent consumer, LVL per month	187	237	347	357	324
Poverty risk threshold for 1 person household, LVL per month	88	117	169	192	160
Poverty risk threshold, % to the previous year	120	132	145	113	83

Table 60. Dynamics of possessed income and poverty threshold in 2005–2009.

There are great differences between the regions of Latvia according to poverty risk indicators. During the period of 2005–2009 the persistently highest poverty risk was in Latgale region while the lowest was in Riga and Pierīga statistical region*. Comparison of indicators of 2009 to 2008 shows that the poverty risk index** decreased in all statistical regions, except Zemgale (see Fig. 37).

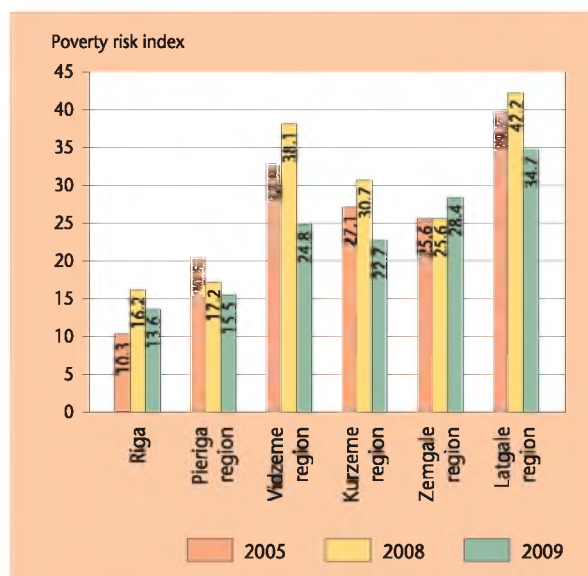


Figure 37. Poverty risk index in statistical regions in 2005, 2008 and 2009.

The poverty risk index differs in various groups of residents. When the level of economic activity decreased and unemployment increased, the most suffering ones were young people of the age from 18 to 24.

* The salary includes: the direct salary, regular salary and benefits, irregular benefits and premiums, compensation for annual vacation and additional vacation, educational leaves and other days during which the person was absent from work without losing remuneration, payment for sick lists A, remunerations in kind (CSB).

** The poverty risk threshold is 60 % of the equivalent possessed income median. Median is a statistical indicator that describes central value of observations grouped from the lowest value to the highest (division middle point).

* Poverty risk indicators are summarised in statistical region section.

** Poverty risk index is the proportion of residents (in percent) the equivalent possessed income of which is below 60 % of national equivalent possessed income median.

Comparison of data of 2009 to the data of 2005 shows that the poverty risk index increased in all age groups up to 49 years, while in age groups from 50 to 64 years and above 65 years it decreased. Unemployed persons have a very high risk of being subject to poverty (see Tables 61, 62 and 63).

Age group	2005	2006	2007	2008	2009
0-17	26	21	25	26	27
18-24	18	17	17	19	21
25-49	19	16	18	19	20
50-64	26	23	25	23	21
65 and more	30	33	51	48	19
Total in Latvia	23	21	26	26	21

Table 61. Poverty risk index according to age groups in 2005–2009.

Statistical region	0-17 years			18-64 years			65 and more years			Total in Latvia		
	2005	2008	2009	2005	2008	2009	2005	2008	2009	2005	2008	2009
Riga	8.7	14.5	14.1	7.5	11.2	13.4	22.8	36.4	14.3	10.3	16.2	13.6
Pieriga region	27.7	13.8	19.6	16.4	12.8	14.3	27.6	42.1	15.1	20.5	17.2	15.5
Vidzeme region	38.7	41.0	32.6	31.1	32.6	24.1	32.2	54.8	19.0	32.9	38.1	24.8
Kurzeme region	28.5	30.6	27.8	25.1	23.3	22.8	33.1	55.8	17.4	27.1	30.7	22.7
Zemgale region	26.6	29.2	35.3	24.1	20.3	25.7	30.2	47.5	29.2	25.6	25.6	28.4
Latgale region	43.4	42.6	43.4	38.1	36.8	33.6	42.6	66.1	28.3	39.7	42.2	34.7

Table 62. Poverty risk index according to age groups in statistical regions in 2005, 2008 and 2009, %.

Group of residents	2005	2006	2007	2008	2009
Unemployed	64	57	53	57	48
Retired	35	38	53	51	21
Working	11	10	11	11	10
All residents	23	21	26	26	21

Table 63. Poverty risk index for various social and economic groups of residents in 2005–2009, %.

Social transfers* are the tools which significantly decrease the share of population subject to poverty risk and their importance expressed more exactly during recession of economy; in 2007 social transfers ensured moving of 11.5 % of population of the country above the poverty risk threshold, but in 2009 it was 22.4 % already (see Table 64).

	2005	2006	2007	2008	2009
Before all social transfers	39.6	39.3	37.1	38.0	43.7
After all social transfers	23.1	21.2	25.6	25.7	21.3

Table 64. Poverty risk index before and after receipt of social transfers in 2005–2009, %.

Gini coefficient* is used to describe the differences in distribution of material benefits of residents, or stratification. In section of statistical regions of Latvia the changes of this coefficient during the period of 2005–2009 show the levelling of indicators between the regions while no certain movement in direction of increase or decrease in differences of resident income is evident in the country as a whole. Comparison of 2009 to 2005 shows that Gini coefficient increased in Pieriga and Zemgale regions, but in other four statistical regions, including Riga, it

decreased. Though it should be considered that Gini coefficient has been very changing over the years and there is no clear tendency seen in any of the regions (see Table 65).

Statistical region	2005	2006	2007	2008	2009
Riga	38.3	33.1	35.6	35.5	35.0
Pieriga region	31.8	33.1	38.6	38.0	36.3
Vidzeme region	36.7	32.4	33.2	35.9	33.3
Kurzeme region	38.1	33.5	34.7	36.8	33.3
Zemgale region	32.8	33.8	33.6	32.8	36.5
Latgale region	36.0	32.1	36.4	34.7	34.7

Table 65. Gini coefficient in statistical regions in 2005–2009.

* Pensions, social insurance benefits, state social benefits, social assistance benefits of local governments, alimony received, received cash and material assistance from other households.

* Gini coefficient describes how equally the weight of income is distributed in the country. It varies from 0 to 100. It is zero if there is absolute equality, and it is 100 if there is absolute inequality in distribution of income. Thus, the higher the inequality in income distribution, the greater the coefficient.

III DEVELOPMENT DESCRIPTION OF THE REPUBLICAN CITIES AND NOVADS

Chapter II of the report was dedicated to the review of demographic and socioeconomic situation in Latvian regions, and their comparison was performed, while in this chapter the local government level territories are described in two groups, republican cities and *novads*.

If not indicated otherwise, the data of Office of Citizenship and Migration Affairs (OCMA) have been used in Chapter III.

Republican cities and *novads* form the administrative-territorial division of Latvia since July 1, 2009. On July 1, 2011 there were 119 territories of local governments in the country – 9 republican cities and 110 *novads**.

119 administrative territories of Latvia are very different by area, number of population, habitation, nature, positioning and cultural and historic conditions, socioeconomic situation, development possibilities, capacity of local governments, financial resources, quality and efficiency of work of local government and other factors.

If the republican city local government group is compared to the *novads* local government group, both these groups are quite similar with respect to number of population (51 % of population of the country live in republican cities and 49 % in *novads*), but according to several other basic indicators the differences between these groups are bigger (see Fig. 38).

The proportion of population numbers between republican cities and *novads* did not change during one year, from the beginning of 2010 to the beginning of 2011. While the changes in proportions of local government budget tax revenue were evident in 2010 compared to 2009, their specific weight in republican cities decreased from 61.8 % to 59.9 %, and the specific weight of tax revenue in local government budgets increased respectively. This is related to the process that started during previous years by residents of Riga of mainly working age moving from the capital to Pierīga territories at the same time maintaining the place of work in Riga. Personal income tax goes to the budget of that local government where the taxpayer has declared his/her place of residence. The proportion of local government budget personal income tax revenues might have been influenced also by the fact that since 2009 several administrative regulations facilitated fixing actual residential address also as the declared one, thus

the distribution of territorially tied volume of personal income tax between the budgets of local government groups might have changed slightly.

There were small changes evident in the proportion of individual merchants and commercial companies – in 2009, compared to the year before, in the *novads* group it decreased by 0.2 %. Such changes were not significant, though, if noted that the commercial activity indicators are influenced also by differences in territorial location of legal and actual address of merchants and companies, and changes in motivation to tie those to particular territories.

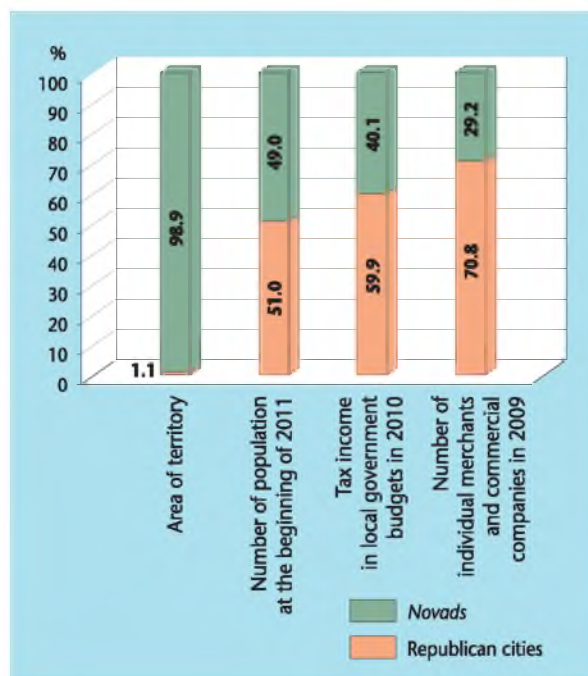


Figure 38. Division of territory, number of population, tax income in local government budgets, number of individual merchants and commercial companies in groups of republican cities and *novads**.

Differences between the territories according to the main indicators are accentuated further in this chapter for the republican city and *novads* groups separately.

* Since the administrative-territorial reform implemented in 2009 the number of local governments has increased by one unit – the decision was made at the end of 2010 to divide Roja *novads* into Roja and Mersrags *novads*.

* Tax income in local government budgets – data of State Treasury, number of individual merchants and commercial companies – provisional data of CSB.

Description of Republican Cities

Nine republican cities – Riga, Daugavpils, Jekabpils, Jelgava, Jurmala, Liepaja, Rezekne, Valmiera and Ventspils – occupy together only 1.1 % of the territory of Latvia. 51 % of residents of the country live in republican cities*, 59.9 %** of all tax revenues of local governments come into the budgets of republican cities and 70.8 % of commercial companies and individual merchants operate in those***.

Table 66 reflects the range of main demographic and socioeconomic indicators in the group of republican cities, thus describing mutual differences of these territories. Further in this chapter the republican cities are described in more detail, according to particular indicators, but basic data are included in Annex 1 of the edition as well.

Population Number, Area of Territory and Population Density

The total number of population in all republican cities at the beginning of 2011 was 1.14 million people. The biggest city not only in Latvia, but in the whole Baltics is Riga where 703.6 thousand people lived – almost one third of the population of Latvia. Only in Daugavpils the population number exceeded one hundred thousand as well – 102.5 thousand residents lived there. In three cities the number of population was in a range from fifty to one hundred thousand – in Liepaja (83.4 thousand), Jelgava (64.5 thousand) and Jurmala (56.1 thousand), but in four cities it was less than fifty thousand – in Ventspils (42.5 thousand), Rezekne (34.6 thousand), Valmiera (27.0 thousand) and Jekabpils (26.3 thousand).

As to the area of territory, the biggest city is Riga (303 km²), followed by Jurmala (100 km²). The smallest republican cities as to the area are Rezekne and Valmiera (18 km² each). The city population number and area ratio determines notably different density of population. The most densely populated republican city is Riga, at the beginning of 2011 the population density in it was 2322 persons per km², but the lowest population density was in Jurmala – 561 per km² (see Table 67).

Changes in Population Number

The number of population of republican cities is decreasing and it happens faster than the average in the country. During five years, from the beginning of 2006 till the beginning of 2011, it decreased in all republican cities together by more than 34 thousand persons or by 2.9 %.

Jurmala is the only republican city where the population number at the beginning of 2011 (56.1 thousand)

Name of indicator	Numerical significance of the indicator		Difference in times	Compared to the previous year/period
	The greatest or the best	The smallest or the weakest		
Area of territory, km ²	Riga 303	Rezekne, Valmiera 18	16.8	◀▶
Population number, thsd. (01.01.2011)	Riga 703.6	Jekabpils 26.3	26.8	◀▶
Changes in population number, % (01.01.2006-01.01.2011)	Jurmala 1.0	Daugavpils -5.3	not calculated	
Population density, people/km ² (01.01.2011)	Riga 2322.0	Jurmala 560.6	4.1	▼
Unemployment level, % (01.01.2011)	Riga 8.3	Rezekne 17.3	2.1	▲
Personal income tax revenue in the local government budget per capita, LVL (2010)	Riga 371.0	Daugavpils 204.0	1.8	▼
Demographic burden (01.01.2011)	Daugavpils 492.6	Liepaja 555.4	1.1	◀▶
Number of econ. active stat. units of market sect. per 1000 inh. (2009)	Riga 71.0	Daugavpils 37.7	1.9	◀▶
Number of econ. active individual merchants and commercial companies per 1000 inh. (2009)	Riga 55.2	Daugavpils 21.3	2.6	▲

Table 66. Territorial differences in republican cities*.

Republican city	Population number at the beginning of 2010	Population number at the beginning of 2011	Area, km ²	Population density at the beginning of 2011 people/km ²
Riga	709 145	703 581	303	2322.0
Daugavpils	103 754	102 496	72	1423.6
Jekabpils	26 468	26 284	26	1030.7
Jelgava	65 106	64 516	61	1057.6
Jurmala	56 130	56 060	100	561.0
Liepaja	84 411	83 415	61	1367.5
Rezekne	35 148	34 596	18	1922.0
Valmiera	27 323	27 040	18	1485.7
Ventspils	42 883	42 509	58	732.9
Total in rep. cities	1 150 368	1 140 497	717	1591.3
Total in Latvia	2 254 653	2 236 910	64 559	34.6

Table 67. Population number, area of territory and population density in republican cities.

was larger than five years before (55.5 thousand at the beginning of 2006). Such tendency, increase of population number mainly due to internal migration, is evident in almost all territories of local governments in direct proximity of Riga. Nevertheless, it should be noted that year 2010 was the first year of this period when the population number of Jurmala decreased a little – decrease of population number as result of natural movement increased the mechanic increase.

* At the beginning of 2011.

** In 2010.

*** In 2009.

* See data sources below in the respective chapters.

The fastest decrease in population number during the period from the beginning of 2006 till the beginning of 2011 was evident in Daugavpils (-5.3 %) and Rezekne (-4.9 %), while in Riga (-2.9 %) it decreased according to average indicator in the group of republican cities (see Fig. 39).

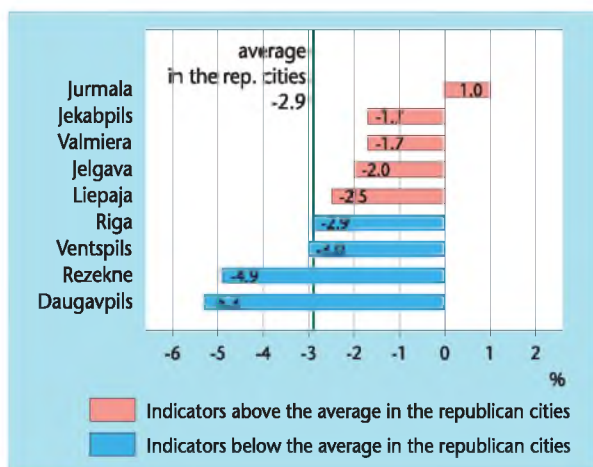


Figure 39. Changes in population number in republican cities from the beginning of 2006 till the beginning of 2011.

Population number decreased in the group of republican cities as the result of both negative natural and negative mechanic movement. Positive natural movement of population was evident in any of years of the report period in only two cities – in 2008 in Jelgava and Valmiera, while in the other republican cities constantly, and in these two cities during the other years, the mortality exceeded the birth rate. Till 2008 the total number of newborn children in the republican cities increased each year by reaching 12.8 thousand, but the next two years followed with decrease in birth rate and in 2010 the total number of newborn children in nine republican cities was 10.1 thousand.

In 2010 the decrease of population number in republican cities as result of natural movement, calculated per 1000 inhabitants, was lower in average (-4.0 persons) than the total in the country (-4.8 persons). Nevertheless, the differences between the cities, calculated per 1000 inhabitants, were very big – from decrease of 2.4 persons in Jelgava to decrease of 8.3 persons in Rezekne. According to this indicator three groups of big cities of Latvia were clearly distinguished: Rezekne, Daugavpils and Jekabpils with expressly negative situation in natural movement of population; Ventspils, Jurmala and Liepaja with average negative, close to the average of the country, and Jelgava, Valmiera and Riga with relatively more beneficial, though negative natural growth of population. It is undeniable that such differences are related to features of demographic composition of population; while the birth rate indicators had their role which is, in turn, influenced by work perspectives of residents as the factor of social security (see Fig. 40).

During the five year report period a continuous positive mechanic movement of population was evident only in Jurmala, it reached 150–200 people per annum during the last two years. For some years it was positive in Jel-

gava as well. In the other republican cities each year the number of people leaving was higher than the number of people moving in.

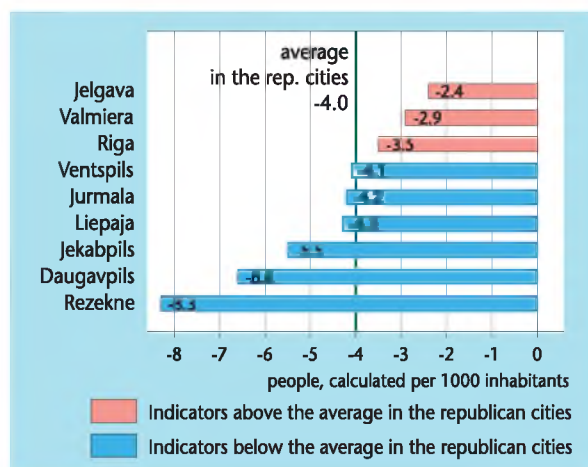


Figure 40. Natural growth of population in republican cities in 2010.

The process of decrease in population number as result of internal migration in all republican cities together is explained by changes in habitat structure in essentially united space of big cities and functionally related suburban areas where, under conditions of greater availability of mortgage credit resources, part of people, earlier living in the cities, moved to live in new houses outside administrative borders of big cities. It was most expressly evident in regional space of Riga metropolis (see Chapter VII) where the number of population has increased over the last years due to migration, including Jurmala.

As the result of overall migration the number of population, calculated per 1000 inhabitants, decreased in republican cities in 2010 by 5.1 persons in average. Apart from Jurmala, also Jekabpils, Daugavpils, Valmiera and Ventspils made it above the average indicator in the group of republican cities, but the indicators of mechanic movement of population in these cities were negative. Obviously, Jelgava, Rezekne and Liepaja lost part of their population due to external migration more than other republican cities (see Fig. 41).

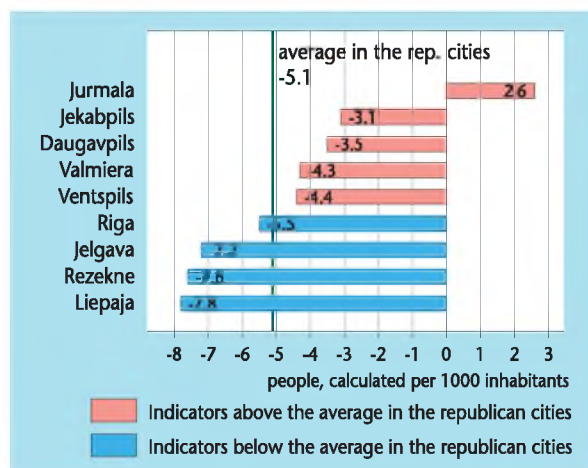


Figure 41. Total population migration balance in republican cities in 2010.

Figure 61 reflects the changes in population numbers in all territories of local governments during the period from the beginning of 2006 till the beginning of 2011, Figure 62 – natural growth of population in 2010 calculated per 1000 inhabitants, and Figure 63 – the total population migration balance in 2010 calculated per 1000 inhabitants.

Demographic Burden

Demographic and socioeconomic potential of territories is largely determined by age composition of residents and relations between the main age groups. A complex indicator for describing the population structure is the level of demographic burden – it is calculated as number of residents below working age and residents above working age per 1000 inhabitants at working age.

Overall, demographic situation in Latvia is characterised by decrease of population number, low birth rate and increase of proportion of residents above working age.

The demographic burden has increased during recent years in the group of republican cities; moreover, during the period from the beginning of 2009 till the beginning of 2011 it increased in all republican cities. Increase of demographic burden is explained by composition of residents involved in internal migration from cities to suburban areas where the proportion of economically active people of working age was higher, therefore the weight of this group in the cities relatively decreased. At the beginning of 2009 the average demographic burden indicator in republican cities was 503.9 (lower than the average of the country – 510.1), at the beginning of 2010 it was 514.6 (slightly higher than the average of Latvia – 513.8), but at the beginning of 2011 it was 525.0 (higher than the average of Latvia – 519.5). Such changes within the period of only one year reflect the processes which started already during several previous years and reflect in the statistical indicators together with formal fixation of actual place of residence and other factors.

According to demographic burden indicators more favourable situation in the beginning of 2011 was in Daugavpils (492.6), Rezekne (504.3) and Jelgava (509.0), but the highest demographic burden was in Liepaja (555.4). Nevertheless, in cases of Daugavpils and Rezekne, the formal value of this indicator is not clearly recognised as positive because at the same time these cities have relatively lower proportion of residents below working age which evidences negative demographic, and consequently also economic, potential of population. While it is the opposite in Liepaja – the volume of demographic burden is affected in positive sense by comparatively one of the largest groups of population below working age. In the group of republican cities there was higher demographic burden than the average also in Riga and Jurmala (see Fig. 42). During the period from the beginning of 2009 till the beginning of 2011 the highest increase of demographic burden was evident in Riga (by 4.8 %) and Daugavpils (by 4.6 %), but the lowest was in Jekabpils (by 1.5 %).

The highest proportion of residents below working age at the beginning of 2011 was in Jelgava, Liepaja,

Jekabpils (14.8 % in all three cities) and Valmiera (14.6 %) that may influence the future development tendencies comparatively better. But the lowest proportion of children was in Daugavpils (12.5 %) and Riga (12.8 %). There was also the highest proportion of residents above working age in Riga (21.8 %), it was followed by Jurmala (21.1%) – these cities have to count on relatively larger demand for social and healthcare services.

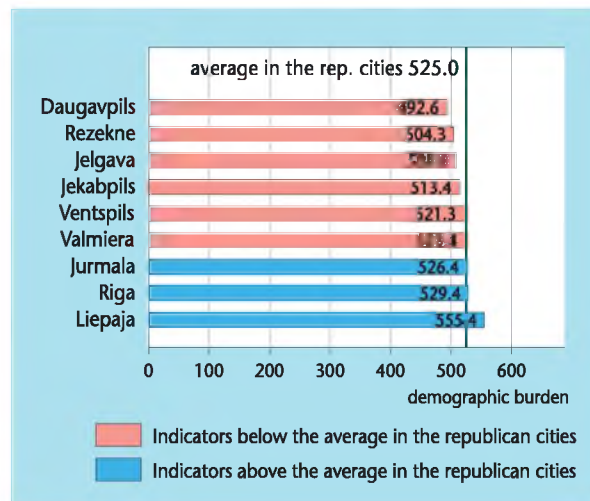


Figure 42. Demographic burden indicators in republican cities at the beginning of 2011.

Figure 64 shows demographic burden in all local government territories at the beginning of 2011.

Personal Income Tax

Personal income tax revenue in the local government budget allows, to some extent, judging about welfare of residents in the territory. When changes of this indicator over time are evaluated, it should be noted that increase of revenue by years is related not only to changes in income of residents, but also to changes in the share transferred to the budget of local government, as well as changes in tax rate and taxable basis.

Rapid increase in income of residents was evident till 2008 and the share of tax deductions into the budgets of local governments increased every year, so that the revenue of local government budget from personal income tax per capita were increasing every year till 2008. In the group of republican cities this indicator reached LVL 442.4 in 2008 which formed 120.4 % compared to the average of the country. With recession of economy in 2009 the income of residents decreased. Though the share of tax deductions for local governments increased in 2009 compared to the previous year from 80 to 83 %, the personal income tax revenue decreased considerably and the indicator per capita in the group of republican cities fell to LVL 322.0.

2010 brought positive changes and though little, but nevertheless positive tendency was evident in total income tax revenues of local governments – the indicator per capita in the group of republican cities increased to LVL 333.7 which is by 3.6 % more than in 2009. Revenue

from personal income tax in budgets of local governments in the group of republican cities was by 17.0 % higher than the average in the country. Nevertheless, overall, the difference in volume of personal income tax between republican cities and *novads* decreased a little during the period of economic crisis.

It should be noted that in 2010, compared to 2009, the share of personal income tax which is transferred into the budget of local governments was decreased (to the earlier proportion of 80 %), but the increase of tax volume reflects significant increase of personal income tax rate and expansion of taxation basis in 2010, not the increase of income of residents.

In 2010, compared to 2009, the highest increase of personal income tax revenue in the budgets of local governments per capita was evident in Liepaja (by LVL 42.5 or 20.2 %) and Jurmala (by LVL 26.8 or 8.1 %), but the lowest was in Riga (by LVL 5.8 or 1.6 %) and Ventspils (by LVL 5.7 or 1.8 %). Relatively higher increase in tax volume generally characterises the cities where its volume per capita was lower, thus small levelling of differences between the cities took place during the last two years within the group of republican cities. However, it does not apply so much to Daugavpils and Rezekne. Jurmala is also an exception where the increase of personal income tax volume per capita is related to

the process positively influenced by Riga where, according to several indicators, a more noticeable levelling of economic development level between the territories has taken place in the metropolitan region (see also Chapter VII).

Figure 43 shows the revenues from personal income tax in the republican city local government budgets per capita during the period from 2008 to 2010. The highest revenues during this time remained unchanged in Riga and Jurmala, but the lowest were in Daugavpils. In 2010 larger personal income tax revenues in the budget of local government per capita than the average of the group of republican cities were only in Riga (LVL 371.0) and Jurmala (LVL 357.4), but the average indicator of the country (LVL 285.1) was exceeded also by Ventspils, Valmiera and Jelgava. Revenue from this tax per capita in Riga was almost two times higher than in Daugavpils (LVL 204.0).

Figure 65 shows the personal income tax revenues per capita in the budgets of all local governments in 2010, but Figure 66 – the increase of revenues from this tax in 2010 compared to 2009.

Unemployment Level

In 2009 the economic recession was the reason for rapid increase of unemployment level in the whole country. Situation changed in 2010 both in the country and the republican cities because the increase of unemployment level not only stopped, but it even decreased a little. Thus, at the beginning of 2009 the average unemployment level in the group of republican cities was 4.5 %, at the beginning of 2010 it increased to two digit number of 10.7 %, but at the beginning of 2011 it decreased to 9.3 %. Compared to the average indicator of the country (11.0 % at the beginning of 2011) the unemployment indicators were almost by 2 percentage points better in the group of republican cities.

The only republican city where the unemployment level increased during 2010 was Rezekne (by 0.3 percentage points) which continuously had the highest unemployment indicators in this group of local governments (17.3 % at the beginning of 2011). The lowest unemployment level at the beginning of 2011 was registered in Riga (8.3 %), Valmiera and Ventspils (9.1 % each), while the largest fall of unemployment level was fixed in 2010 in Valmiera (by 2.5 percentage points), followed by Jelgava (by 1.8 percentage points), Riga and Liepaja (by 1.7 percentage points each). At the beginning of 2011 there was a lower unemployment indicator than the average in the republican cities only in Riga, Valmiera and Ventspils, but higher unemployment level than average of the country was in Liepaja, Jekabpils and Rezekne (see Fig. 44).

Both the increase of unemployment level at the initial stage of economic recession and the unemployment level itself, and its decrease during 2010 are related to economic structure of each city formed over a period of time. The unemployment level and positive dynamics indicators are lower in the cities with greater proportion of

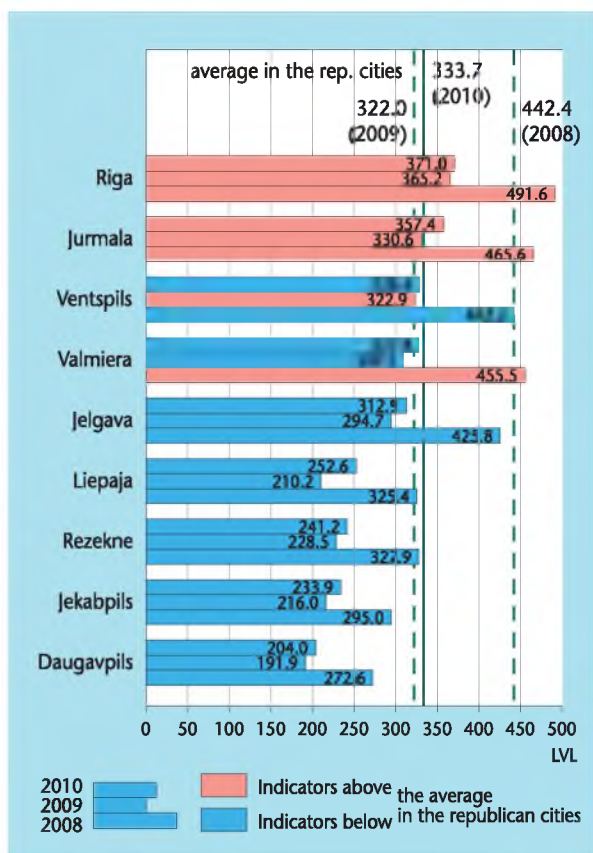


Figure 43. Personal income tax revenues per capita in the budgets of republican city local governments in 2008, 2009 and 2010*.

* Calculations of SRDA by using the data of State Treasury (RIT revenue) and OCMA (population number).

production sector or large production companies. While in the cities with more diversified economic structure as well as those with greater proportion of service sector the unemployment indicators are more favourable.

Figure 67 shows the unemployment level in all territories of local governments in Latvia at the beginning of 2011, and Figure 68 – changes in unemployment level at the beginning of 2011 compared to the beginning of 2010.

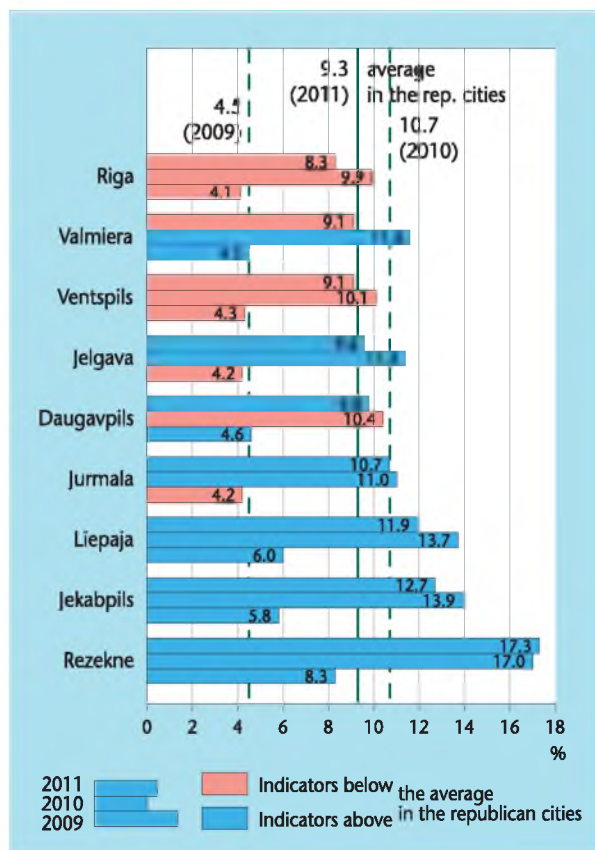


Figure 44. Unemployment level indicators in republican cities in 2009, 2010 and beginning of 2011*.

Economically Active Statistical Units of Market Sector, Economically Active Individual Merchants and Commercial Companies

There were 69.6 thousand economically active statistical units of market sector** operating in republican cities in 2009 which is 54.3 % of all such units in the country. Compared to 2008, the number of statistical units of market sector increased in republican cities by 3.4 thousand, or 5.2 %.

In the total number of economically active statistical units of market sector in the group of republican cities the greatest proportion is held by commercial compa-

nies (65.8 % in 2009), followed by self-employed persons (27.6 %). Compared to average indicators of the country, the republican cities stand out with a notably higher proportion of commercial companies and their number per 1000 inhabitants, and it is understandable that comparatively minor number of farmer and fisherman households is registered in the republican cities (see Table 68).

Form of commercial activity of economically active statistical units of market sector	In republican cities			In Latvia		
	Number	Per 1000 inh.	% of all forms	Number	Per 1000 inh.	% of all forms
Self-employed persons	19 235	16.7	27.6	45 279	20.1	35.3
Individual merchants	4436	3.9	6.4	8232	3.7	6.4
Commercial companies	45 807	39.8	65.8	62 769	27.8	49.0
Farmer and fisherman households	166	0.1	0.2	11 876	5.3	9.3
Total	69 644	60.5	100.0	128 156	56.8	100.0

Table 68. Number of economically active statistical units of market sector in republican cities in 2009 by form of commercial activity*.

In 2009, according to the size, republican cities as well as the country as a whole were dominated by micro-enterprises – they formed 87.2 % of all statistical units of market sector (see Fig. 45).

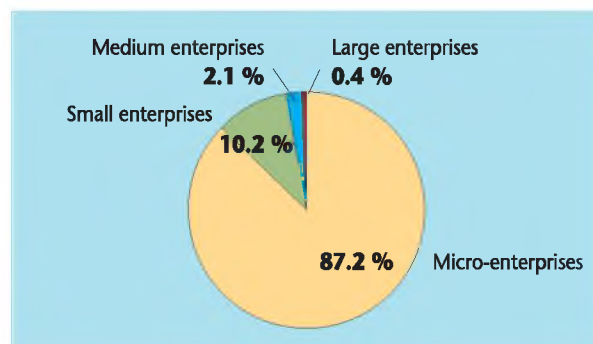


Figure 45. Division of economically active statistical units of market sector according to size groups in 2009 in the group of republican cities*.

Review of the total number of economically active statistical units of market sector per 1000 inhabitants and especially the number of individual merchants and commercial companies per 1000 inhabitants shows that Riga is distinguished by expressly higher economic activity (71.0 statistical units of market sector and 55.2 individual merchants and commercial companies per 1000 inhabitants in 2009) among all republican cities, while Valmiera ranks stable as second in this respect (the indicators are 60.9 and 32.7, respectively). The lowest indicators describe Daugavpils (37.7 statistical units of market sector and 21.3 individual merchants and commercial companies per 1000 inhabitants in 2009; see Fig. 46 and 47).

* Calculations of SRDA by using the data of SEA (number of unemployed) and OCMA (number of population at working age).

** According to data of company and organisation register of the CSB (provisional data).

* Provisional data of CSB.

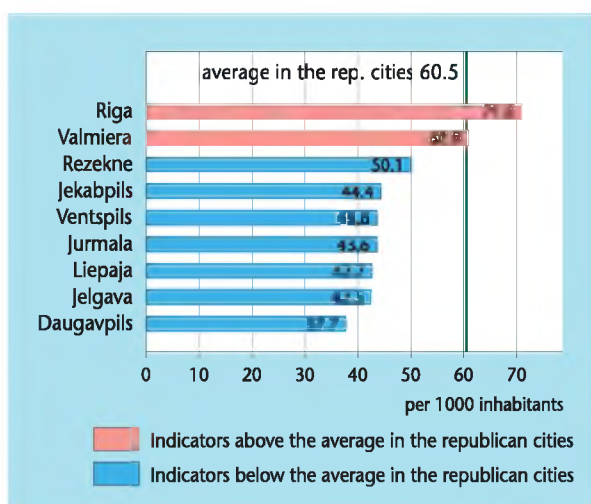


Figure 46. Number of economically active statistical units of market sector per 1000 inhabitants in republican cities in 2009*.

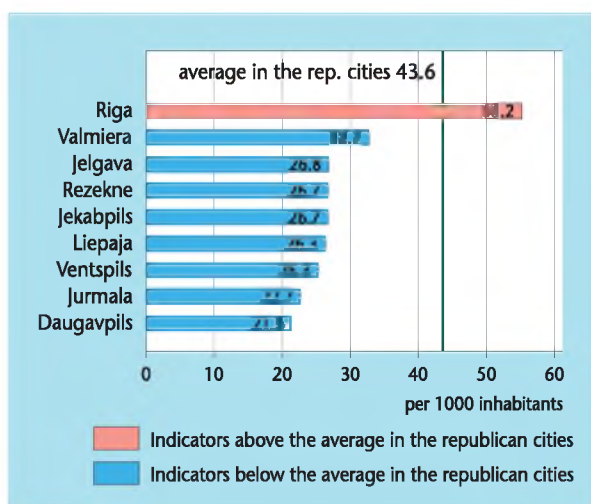


Figure 47. Number of economically active individual merchants and commercial companies per 1000 inhabitants in republican cities in 2009*.

Positive tendency was evident in the group of republican cities in 2009 with respect to increase in numbers of economically active statistical units of market sector; it increased in all nine cities compared to 2008. But such increase was most essentially ensured by rapid increase in the number of self-employed persons.

Distribution of the number of economically active statistical units of market sector, their proportion and changes evidences of several factors affecting this indicator which are different in each of the cities individually and they are not necessarily comparable. The level of commercial activity is related to market capacity influenced by the size of the city and to potential diversity, structure of economy and role of profiling, management, types of indirect support, social structure, relations and potential of social activity of residents as well as connections between the city and surrounding municipalities (urban regions; see also Chapter VII).

Greater initiative of merchants is most evidenced by increase in numbers of individual merchants and commercial companies. In 2009, compared to 2008, their number in republican cities increased by 0.6 thousand in total, but such increase was provided by Riga only (the number increased by 0.8 thousand). In other eight republican cities the number of individual merchants and commercial companies decreased, most of all in Liepaja (by 73 units) and Jelgava (by 53 units). It should be noted that in the cities where such decrease was really small, due to decrease in number of population, the number of individual merchants and commercial companies per 1000 inhabitants remained on the level of previous year or even, as in Daugavpils, increased.

Figures 69 and 70, respectively, show the number of economically active statistical units of market sector per 1000 inhabitants in all territories of local governments in 2009 and the number of economically active individual merchants and commercial companies per 1000 inhabitants in all territories of local governments in 2009.

* Provisional data of CSB.

Description of Novads

A little less than a half of residents of the country, 49.0 %, live in 110 *novads* of Latvia*, but the territories of all *novads* together occupy almost all territory of the country – 98.9 %. 40.1 % of all local government tax revenues go to the budgets of *novads* local governments** and 29.2 % of commercial companies and individual merchants operate on their territories***.

Novads of Latvia are very different in terms of area, population number and other demographic and socioeconomic indicators. Table 69 shows the differences between *novads* in principal indicators, but more detailed analysis of each of these indicators in the group of *novads* is provided further in this chapter. Principal data are included in Annex 1 to the edition as well.

Population Number, Area of Territory and Population Density

At the beginning of 2011 the population number in all 110 *novads* together was 1.1 million people. *Novads* are very different in terms of population number – it did not even reach two thousand in the smallest ones (1345 in *Baltinava novads*, 1630 in *Alsunga novads* and 1829 in *Mersrags novads*), but in the largest *novads* the number of population exceeded 30 thousand (38 741 in *Ogre novads*, 34 264 in *Talsi novads*, 33 318 in *Tukums novads*, 31 377 in *Rezekne novads*). The average number of population in one *novads* was almost 10 000, prevailed by *novads* with the number of population within a range from 5000 to 10 000 (37 in number) or from 2000 to 5000 (36 in number; see Table 70 and Fig. 48).

Novads are very different by the area of their territory as well. The average area of *novads* in Latvia is 580 km². The largest is *Rezekne novads* (2525 km²); the area of more than two thousand square kilometres is covered also by *Ventspils novads* (2457 km²) and *Madona novads* (2160 km²). While the smallest as to the area is *Saulkrasti novads* (48 km²) which is more than 50 times less than *Rezekne novads*. Smaller than 100 km² are *Stopini novads* (53 km²) and *Carnikava novads* (80 km²; see Fig. 49).

In relation to very different area of *novads* and population number the population density in *novads* territories varies too. Figure 50 reflects ten *novads* with the highest and ten *novads* with the lowest population density in the country. Overall, the highest population density is in *Pieriga* territories and *novads* which have been formed by uniting the former district centre with only one *pagasts* (*Cesis novads*, *Aizkraukle novads*). The

Name of indicator	Numerical significance of the indicator		Difference in times	Compared to the previous year/period
	The greatest or the best	The smallest or the weakest		
Area of territory, km ²	Rezekne nov. 2525	Saulkrasti nov. 48	52.6	◀▶
Population number, thsd. (01.01.2011)	Ogre nov. 38.7	Baltinava nov. 1.3	28.9	▲
Changes in popul. number, % (01.01.2006-01.01.2011)	Marupe nov. 47.7	Alsunga nov. -13.3	not calculated	
Population density, people/km ² (01.01.2011)	Stopini nov. 187.6	Rucava nov. 4.5	41.9	▲
Unemployment level, % (01.01.2011)	Marupe nov. 5.3	Zilupe nov. 29.3	5.6	▲
Personal income tax revenue in the local government budget per capita, LVL (2010)	Garkalne nov. 446.8	Varkava nov. 104.4	4.3	▼
Demographic burden (01.01.2011)	Ropazi nov. 450.3	Vainode nov. 633.3	1.4	◀▶
Number of econ. act. stat. units of market sect. per 1000 inh. (2009)	Varkava nov. 127.2	Iecava nov. 25.8	4.9	▲
Number of econ. active individ. merchants and commercial companies per 1000 inh. (2009)	Marupe nov. 59.1	Varkava nov. 2.5	23.6	▲

Table 69. Territorial differences in *novads**.

lowest population density indicators are mainly in *novads* which do not include towns and which belong to the least populated country outskirts.

Changes in population density are directly related to changes in population numbers in the territories of *novads*. At the beginning of 2011, compared to the beginning of 2010, the highest increase in population density was evident in *Marupe novads* (by 6.9 persons per one square kilometre), in *Stopini novads* (by 3.6) and *Carnikava novads* (by 1.8), while the largest decrease in density described *Cesis novads* (by 1.9), *Aizkraukle novads* (by 1.5) and *Saulkrasti novads* (by 0.5 persons per one square kilometre). All the above mentioned *novads* are among the most densely populated territories of the country.

Population number in the local government	Number of <i>novads</i>	Total population number in the group	Average number of popul. in the local governm. in the group
Up to 2000	3	4804	1601
2000 – 5000	36	130 019	3612
5000 – 10 000	37	274 985	7432
10 000 – 20 000	19	268 030	14 107
20 000 – 30 000	11	280 875	25 534
Above 30 000	4	137 700	34 425
Total	110	1 096 413	9967

Table 70. *Novads* divided by population number at the beginning of 2011.

* At the beginning of 2011.

** In 2010.

*** In 2009.

* See data sources below in the respective chapters.

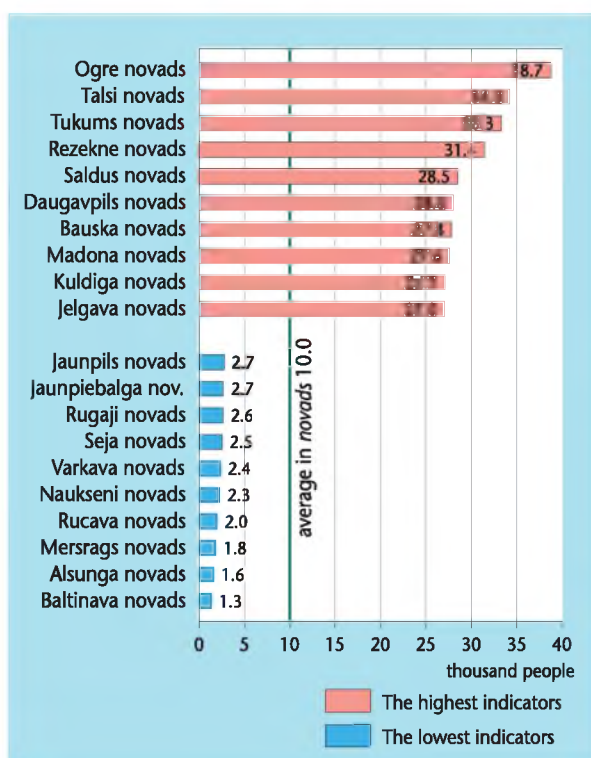


Figure 48. The highest and lowest indicators of population number in novads at the beginning of 2011.

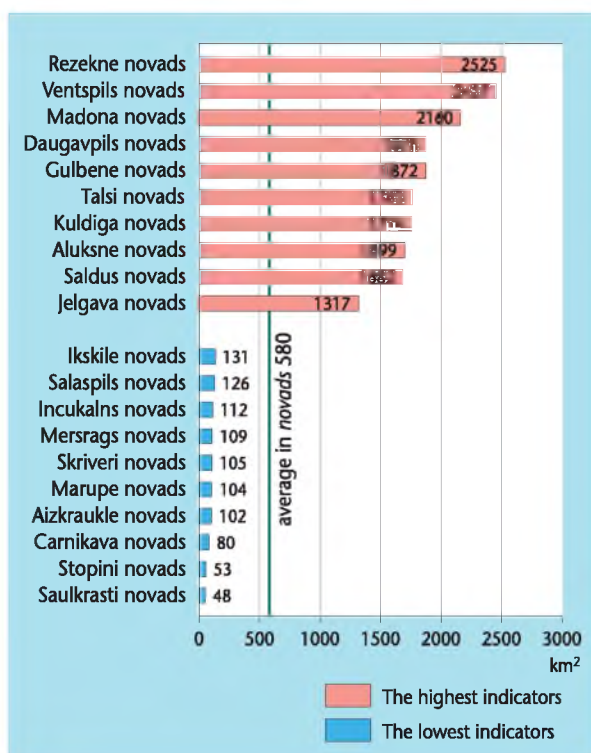


Figure 49. The highest and lowest indicators of territory area of novads.

It should be accented that territories of local governments with the highest increase and highest decrease in population density represent the two main tendencies of population movement that clearly showed during the period of economic crisis. Firstly, increase of population number continued in the territories functionally related to Riga, especially the territories adjacent to the capital,

and it was based on the overall distribution of internal migration flows – in the direction from outskirts of Latvia towards the middle part, as well as from Riga to Pierīga at the same time. Secondly, as the result of structural influences created by the economic crisis the number of population of republican cities and the average size towns also decreased faster than in rural territories, therefore in *novads* the areas of which are comparatively small, but which include average size towns, the decrease in population density was comparatively larger.

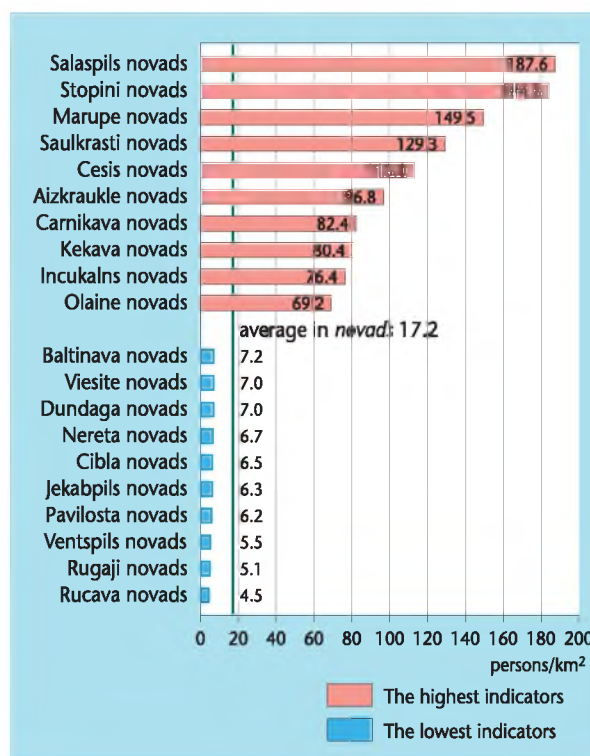


Figure 50. The highest and lowest indicators of population density in novads at the beginning of 2011.

Figure 60 shows the population density in all territories of local governments in Latvia at the beginning of 2011.

Changes in Population Number

The number of population in *novads* of Latvia is decreasing overall, but not as fast as average in the country. The fastest decrease of population number was in the group of republican cities, similar tendency characterises the set of average size towns, but as they are included in *novads*, the territorial distribution of changes in population numbers is related to town- *novads* or rural *novads* status.

During five years, from the beginning of 2006 to the beginning of 2011, the population number decreased in the *novads* local government group by 1.8 % (in Latvia in average by 2.8 %, in the group of republican cities by 2.9 %).

Internal migration of population and also positive natural movement in several territories of local governments during the reviewed period ensured increase in

number of population in 19 *novads* of Latvia, 17 *novads* of Riga region and two of Zemgale region. All of those are part of Riga direct influence zone. The number of population increased most significantly in Marupe *novads* (by 47.7 %), Garkalne *novads* (by 36.1 %), Adazi *novads* and Ikskile *novads* (by 22.8 % each). Ozolnieki *novads* and Iecava *novads* were the two territories with positive changes in population number outside Riga planning region.

During the period from the beginning of 2006 to the beginning of 2011 the number of population decreased in 91 *novads*. These *novads* include absolutely all *novads* of Kurzeme, Vidzeme and Latgale regions. The greatest decrease of population number was fixed in Alsunga *novads* (by 13.3 %), followed by Vilaka and Baltinava *novads* (by 10.9 % each). There were *novads* in Kurzeme and Vidzeme regions where the decrease in population number was very small, within the range of one percent (Grobina *novads*, Koceni *novads*), but in Latgale region this limit was 5 % (the least percentage of population was lost by Balvi *novads* – 5.2 %).

Figure 51 shows those 10 *novads* in which the greatest increase in population number was registered during the period from the beginning of 2006 to the beginning of 2011 and 10 *novads* where the number of population decreased most.

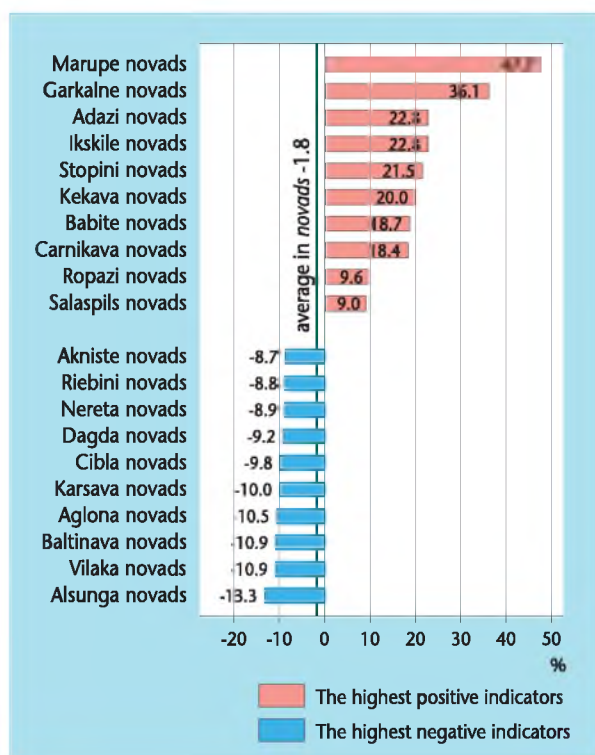


Figure 51. Greatest changes in population number in novads from the beginning of 2006 to the beginning of 2011.

The *novads* belonging to the group with the greatest decrease in population number are, on the contrary to Pieriga *novads*, characterised both by greater predominance of the number of deceased over born ones and by relatively higher deficit of migration balance.

There were seven territories of local governments (mainly Pieriga) in the group of *novads* where the number

of newborn children exceeded the number of deceased persons in 2010 and the balance of natural movement of population was positive. The largest natural growth of population in absolute figures was registered in Marupe *novads* – by 196 persons, in Kekava *novads* – by 78 persons and in Adazi *novads* – by 50 persons. If calculated per 1000 inhabitants, the population number increased as the result of natural movement in Marupe *novads* by 13.1 persons, in Adazi *novads* – by 5.1 persons, in Kekava *novads* – by 3.6 persons, in Babite *novads* – by 3.1 persons. All of these territories are characterised by positive balance of migration of population, but positive natural movement is determined by more favourable demographic composition of population formed as result of migration with greater proportion of residents at productive age and with comparatively higher level of income which also indirectly influences the birth rate. 9.1 thousand children were born in all *novads* together in 2010, which was for 1.2 thousand less than a year before.

Rezekne *novads*, in its turn, lost more than 400 people during one year as result of natural movement of population. If calculated per 1000 inhabitants, the largest decrease in number of population in 2010 as result of negative natural movement was in Baltinava *novads* – by 21.5 persons, in Aglona *novads* – by 20.6 persons, in Zilupe *novads* – by 19.4 persons and in Riebini *novads* – by 18.9 persons (see Fig. 52).

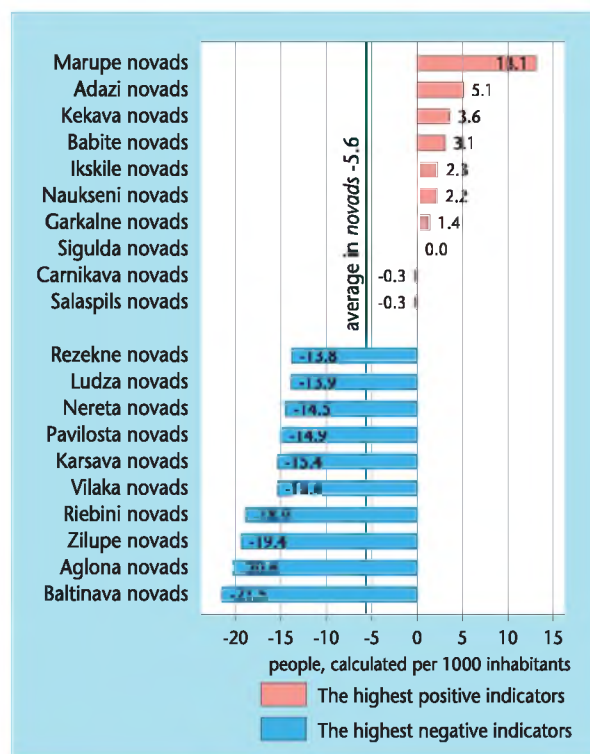


Figure 52. The highest and lowest indicators of natural growth of population in novads in 2010.

It should be considered that the analysed data of population number and its changes are related to people who have declared their place of residence in the respective territories. In reality there are often cases when the declared place of residence is not changed when moving to another place, including abroad.

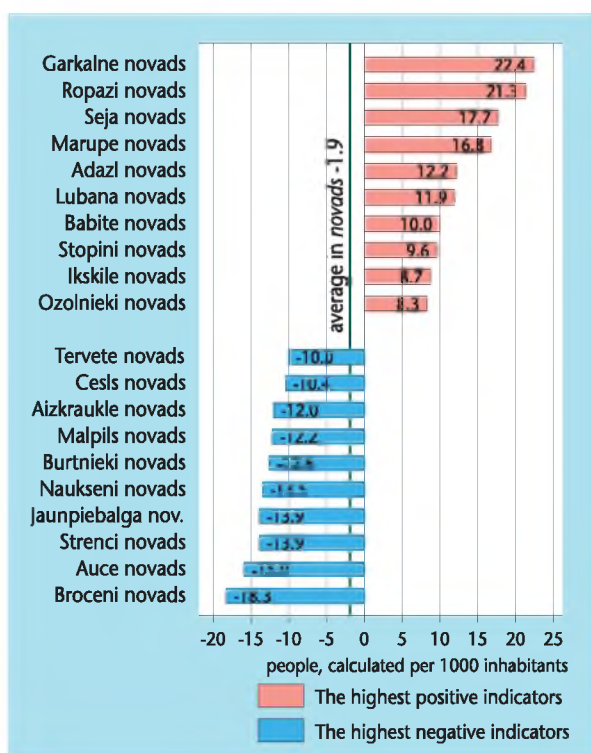


Figure 53. The highest and lowest indicators of total population migration balance in novads in 2010.

2010 is the first year about which the population migration data are summarised in regional section. The total volume of migration, if calculated per 1000 inhabitants, in the group of *novads* includes also the information on people moving to other countries, nevertheless indirect signs show that the internal migration is the decisive one in this group of territories. Territories of Pierīga local governments were distinguished with positive migration balance in 2010 which was mainly caused by movement of residents from Rīga to adjacent territories of local governments functionally related to the metropolis. At the same time positive migration balance characterised also, for example, Lubana *novads*, Ape *novads* and Cibla *novads* where positive migration balance may be explained with particularities in resident counting or declaration procedure. It should be noted that in individual cases the role was played by the fact that absolute figures of changes in population number were minor. For example, the statistical data show that in 2010 in Vilaka *novads*, as the result of mechanical movement of population, the number of residents increased by one person. A separate group of *novads* is represented by territories where formation of both positive (for example, Jaunjelgava *novads*, Rundale *novads*) and negative (for example, Broceni *novads*, Auce *novads*) population migration balance was influenced by the former district centres located in neighbouring *novads* as well as positive influence of republican cities (without Rīga) (for example, Koceni *novads*, Grobina *novads*).

According to statistical data positive mechanic movement of population in 2010 was evident in more than 30 *novads*. Expressly larger predominance of number of people moving in over those moving out was characteristic to local governments of close Pierīga – in Marupe *novads* it was more than 250 persons, in Garkalne, Ropazi and Olaine *novads* – approximately 150 persons. If calculated per 1000

inhabitants, the highest increase of population number as result of migration was in Garkalne *novads* – by 22.4 persons and in Ropazi *novads* – by 21.3 persons.

On the contrary, Bauska *novads* and Cēsis *novads* lost more than 200 people each as the result of mechanic movement of population in 2010, but, if calculated per 1000 inhabitants, the number of population decreased most in Broceni *novads* – by 18.3 persons and in Auce *novads* – by 15.9 persons (see Figure 53).

Figure 61 shows the changes in population numbers in all territories of local governments during the period from the beginning of 2006 to the beginning of 2011, Figure 62 – the natural growth of population in 2010 calculated per 1000 inhabitants, but Figure 63 – the total population long-term migration balance in 2010 calculated per 1000 inhabitants.

Demographic Burden

The demographic burden which describes the age structure of population increased slightly in the group of *novads* at the beginning of 2011, compared to the beginning of 2010 – from 513.0 to 513.8. The opposite was fixed in the previous year – the overall demographic burden decreased in the *novads* (at the beginning of 2009 it was 516.9). At the beginning of 2009 the demographic burden in the *novads*, overall, was higher than the average in the country, but at the beginning of 2010 and 2011 it was already lower than the average in Latvia.

The differences in demographic burden do not have an expressed regional character; it is shown in Figure 64 which depicts the demographic burden in all territories of local governments at the beginning of 2011. Nevertheless, the cartographic picture reflects some features. Surroundings of Liepāja may be distinguished as a region with more expressly increased demographic burden while the largest share of territories with comparatively lower values of this indicator are situated in the central part of the country. Territorial distribution of demographic burden indicates the processes of changes in composition of population which have taken place over a longer period of time.

Figure 54 shows the values of ultimate indicators of demographic burden in the group of *novads* at the beginning of 2011. *Novads* surrounding Rīga dominate among local governments with the lowest demographic burden and therefore are in a comparatively more favourable situation, while Vainode and Varaklāni *novads* are the territories of local governments with the highest demographic burden in Latvia.

Compared to the group of republican cities, there is a larger proportion of residents below working age and at working age in the *novads*, consequently a smaller proportion of residents above working age. At the beginning of 2011, in the group of *novads*, the largest proportion of children in the total number of population was in Marupe *novads* (22.0 %), in Babīte and Adazi *novads* (18.3 % each), while the smallest was in Baltinava *novads* (11.0 %). Baltinava *novads* had also the largest specific weight of retirement age residents (25.1 %), the same indicator described Varaklāni *novads*.

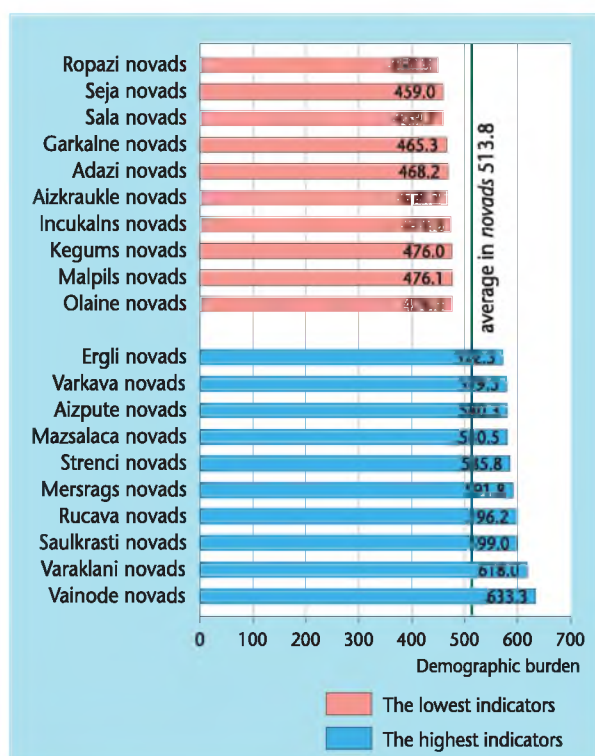


Figure 54. The highest and lowest indicators of demographic burden in novads at the beginning of 2011.

Distribution of proportion of residents below working age over the territories most evidently reflects the direction of formation of differences in territory development levels. There is greater proportion of children in *novads*, mainly Pierīga, with relatively higher level of development. On the other side, their proportion is lower in remote territories, small town *novads*, territories with relatively lower level of development and generally shrinking composition of population.

Personal Income Tax

Personal income tax revenue in the budgets of local governments marks both the level of welfare in the territory and the financial capacity and economic independence of local government. When changes of this indicator over time are evaluated, it should be considered that increase of revenue over the years is related not only to changes in resident income, but also to changes in share transferred into the local government budget, tax rate and taxable base.

Income of residents increased rapidly in all local governments till 2008 and the share of tax deductions into the budgets of local governments increased every year, so that the revenue of local government budget from personal income tax per capita were increasing every year. In 2008 in the group of *novads* reached an average of LVL 285.5, i.e. 78.0 % of the average indicator of the country (LVL 367.3) and 64.8 % compared to the average indicator in the group of republican cities.

With recession of economy in 2009 the income of residents decreased and even notwithstanding the increased share of tax deductions for local governments

the tax revenue in the budgets of local governments decreased significantly. The indicator fell in the group of *novads* to LVL 207.5.

2010 brought positive changes in personal income tax revenues in the budgets of both republican cities and *novads*, but the reason, as discussed earlier, was the significant changes in tax rates, i.e. their increase and extension of taxable base. The indicator per capita in the group of *novads* increased to LVL 232.6 which was by 12.1 % more than in 2009. Nevertheless, the revenue from personal income tax in budgets of local governments in the group of *novads* was by 18.4 % lower than the average in the country (LVL 285.1).

In the group of *novads* in 2010 the highest personal income tax revenue in the budget of local government per capita were in Garkalne *novads* (LVL 446.8), in Babīte *novads* (LVL 423.9), in Ilkskile *novads* (LVL 419.6), while the lowest – in Varkava *novads* (LVL 104.4), in Riebiņi *novads* (LVL 107.9), in Zīlupe *novads* (LVL 108.5). The difference between the highest and the lowest tax revenue indicator in the group of *novads* was 4.3 times, the difference constituted LVL 342.4. The largest personal income tax per capita was withheld, as usual, in Pierīga *novads*, besides in seven *novads* this indicator was higher than in Rīga. Overall, a comparatively better situation in terms of personal income tax revenue is in *novads* situated in the central part of the country and also in individual *novads* which border republican cities (Liepāja, Valmiera, Ventspils), while it is less favourable in more remote *novads* close to the border, in a great part of Latgale region *novads* (see Fig. 55).

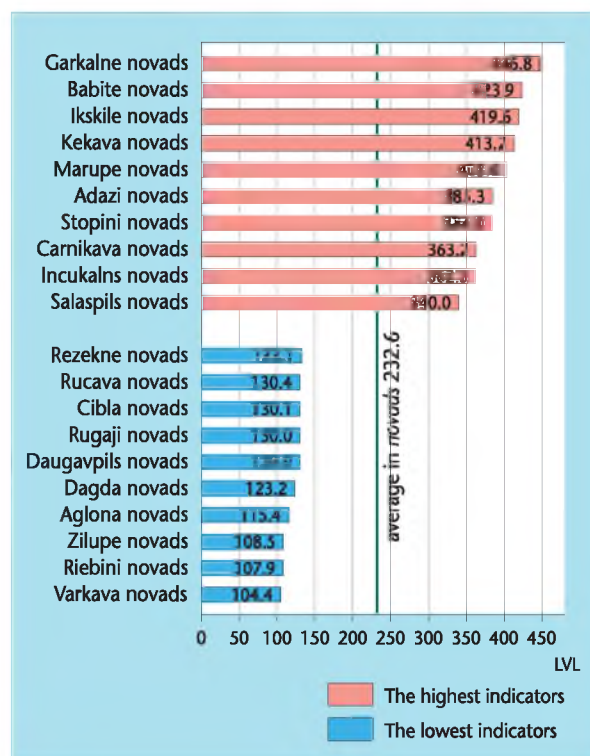


Figure 55. The highest and lowest indicators of personal income tax revenue in budgets of local governments in novads in 2010*.

* Calculations of SRDA by using the data of State Treasury (RIT revenue) and OCMA (population number).

There was an overall tendency evident in 2010, though not so expressed as it was in the period before start of economic crisis, was a faster increase of resident income in the territories where the initial income of residents was higher. If 2010 is compared to 2009, the personal income tax revenue per capita in the budgets of local governments increased in all *novads*, but among the *novads* with the highest increase in tax revenues there are mainly Pieriga local governments. In Incukalns *novads* the personal income tax revenue per capita in the budget of local government increased by LVL 93.0, in Ikskile *novads* – by LVL 50.4, in Saulkrasti *novads* – by LVL 48.5. Amata *novads* of Vidzeme region should be distinguished though because the increase of tax revenue there was LVL 57.4. While the *novads* with the lowest increase of personal income tax revenue per capita are Mazsalaca *novads* (by LVL 8.2), Ludza *novads* (by LVL 9.6) and Zilupe *novads* (by LVL 10.2).

Increase of personal income tax volume essentially does not reflect the nature of economic changes in all Latvia in 2010, but, like the indicator of changes in population numbers, they reflect the division of different territories by level and pace of development changes. Relatively deeper decline of economic life was evident during the period of economic crisis and also in 2010 in remoter territories and especially in *novads* which include small towns, and the reasons for that are both less favourable composition of population that has developed over longer time and mainly the functionally narrow economic structure which adjusts to changeable conditions of economic environment much slower. This is to a large extent illustrated also by indicators of unemployment and commercial activity.

Figure 65 shows the personal income tax revenue per capita in the budgets of local governments in all *novads* in 2010, but Figure 66 shows the increase of personal income tax revenue per capita in the budgets of local governments in 2010 compared to 2009.

Unemployment Level

At the beginning of 2009 the level of unemployment in the group of *novads* was 5.7 % in average. When the economic situation became worse, it reached 13.4 % at the beginning of 2010, while during 2010 the situation improved slightly and at the beginning of 2011 the unemployment level decreased to 12.8 %. Compared to the average indicator of the country (11.0 % at the beginning of 2011) and of the group of republican cities (9.3 %) the situation in *novads* is generally less favourable, though positive tendencies are evident.

Indicators of unemployment in the *novads* are very different. At the beginning of 2011 the lowest level of unemployment was registered in Pieriga – Marupe *novads* (5.3 %), Garkalne *novads* (5.9 %), Adazi *novads* (6.0 %), but the highest in Latgale – Zilupe *novads* (29.3 %) and Vilani *novads* (29.2 %; see Fig. 56). When *novads* are grouped according to the highest

unemployment level at the beginning of 2011 then Latgale *novads* occupy 17 first lines!

If the situation at the beginning of 2010 is compared to the situation at the beginning of 2011, the fastest fall in unemployment level was evident in Malpils *novads* (by 4.8 percentage points), in Marupe and Aizkraukle *novads* (by 3.0 percentage points each), while the highest increase of unemployment level was registered in Riebiņi *novads* (by 4.6 percentage points) and Aglona *novads* (by 4.3 percentage points). Overall in 2010 the unemployment situation improved in 73 *novads*, it did not change in two *novads*, but in 35 *novads* the level of unemployment increased.

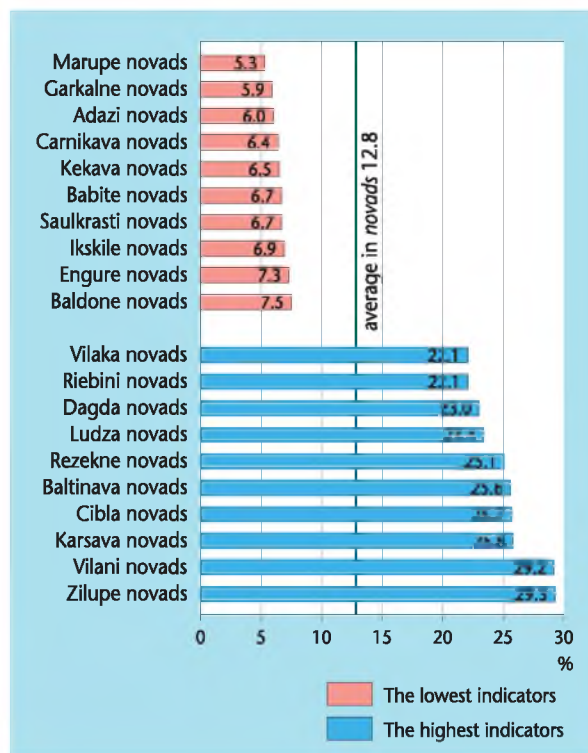


Figure 56. The highest and lowest indicators of unemployment in *novads* at the beginning of 2011*.

In the conditions of unfavourable demographic and economic structure the *novads* in remote areas of the country and the *novads* of small towns are distinguished in a negative sense as to the level of unemployment and its changes. And, on the contrary, the most favourable situation is in Pieriga and relatively also in individual *novads* adjacent to big cities where the proportion of residents at economically active age is higher and the economic structure is more diverse with wider choice of jobs in greater units of economic space, in functionally related city-rural territories.

Figure 67 shows the unemployment level in all territories of local governments at the beginning of 2011, but figure 68 shows changes in unemployment level in territories of local governments at the beginning of 2011 compared to the beginning of 2010.

* Calculations of SRDA by using the data of SEA (number of unemployed) and OCMA (number of population at working age).

Economically Active Statistical Units of Market Sector, Economically Active Individual Merchants and Commercial Companies

There were 58.5 thousand economically active statistical units of market sector* operating in the territories of *novads* in 2009 which is 45.7 % of all such units in the country. Compared to 2008, the number of statistical units of market sector decreased in *novads* by 1.2 thousand or 2.0 %.

Form of commercial activity of economically active statistical units of market sector	In <i>novads</i>			In Latvia		
	Number	Per 1000 inh.	% of all forms	Number	Per 1000 inh.	% of all forms
Self-employed persons	26 044	23.6	44.5	45 279	20.1	35.3
Individual merchants	3796	3.4	6.5	8232	3.7	6.4
Commercial companies	16 962	15.4	29.0	62 769	27.8	49.0
Farmer and fisherman households	11 710	10.6	20.0	11 876	5.3	9.3
Total	58 512	53.0	100.0	128 156	56.8	100.0

Table 71. Number of economically active statistical units of market sector in *novads* in 2009 by ways of commercial activity**.

In the total number of economically active statistical units of market sector in the group of *novads* the greatest proportion is held by self-employed persons (44.5 % in 2009), followed by commercial companies (29.0 %) which is the dominating form of commercial activity in the group of republican cities and farmer and fishermen households (20.0 %). The proportion of individual merchants is 6.5 %. Compared to average indicators of the country, the *novads* are understandably distinguished with the great proportion of farmer and fishermen households, but the proportion of commercial companies and also their number per 1000 inhabitants is expressly smaller (see Table 71).

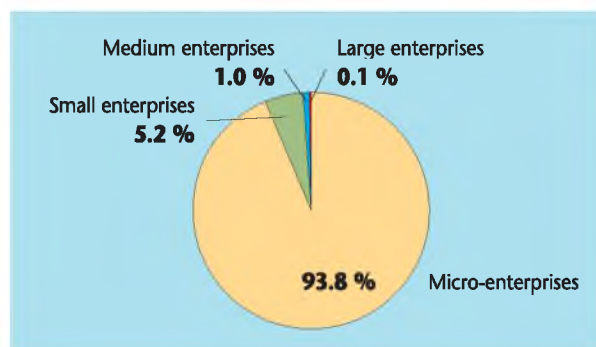


Figure 57. Division of economically active statistical units of market sector according to size groups in 2009 in the group of *novads***.

* According to data of company and organisation register of the CSB (provisional data).

** Provisional data of CSB.

In 2009 in *novads*, according to the size, micro-enterprises formed 93.8 % of all statistical units of market sector (see Fig. 57).

The smallest number of economically active statistical units of market sector per 1000 inhabitants in 2009 was in Iecava *novads* (25.8), but the biggest was in Varkava *novads* (127.2). Nevertheless, one cannot judge about the economic activity in the territory from this figure only, because both self-employed person and large company are counted as one unit. Review of the number of economically active individual merchants and commercial companies per 1000 inhabitants shows that exactly in Varkava *novads* this indicator was the lowest in 2009 (2.5). There was a higher economic activity, which is evidenced exactly by the number of individual merchants and commercial companies, in Pierīga *novads* (59.1 individual merchants and commercial companies per 1000 inhabitants in Marupe *novads*, 41.4 in Babīte *novads* in 2009). Cēsis *novads* should also be distinguished (indicator value 37.5; see Fig. 58 and 59).

Distribution of numbers of economically active statistical units of market sector largely corresponds to other indicators characterising the territory development level that indicate differences between the

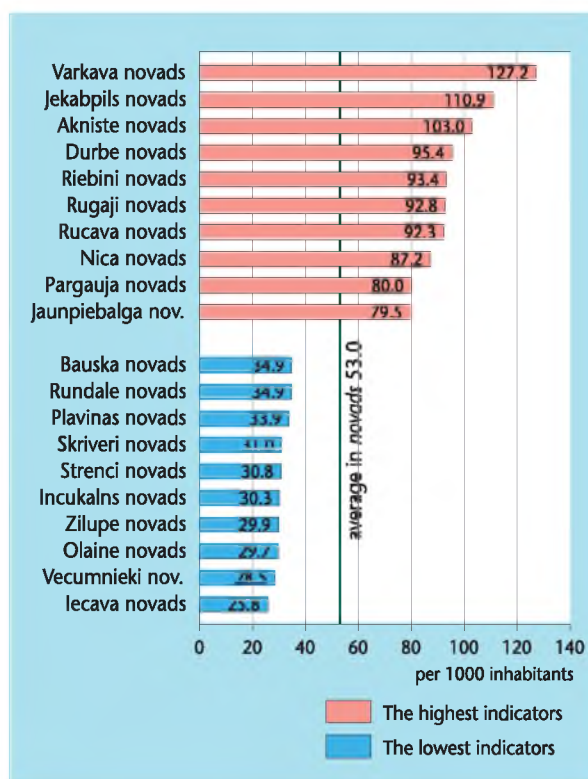


Figure 58. The highest and lowest indicators of economically active statistical units of market sector per 1000 inhabitants in *novads* in 2009*.

* Provisional data of CSB.

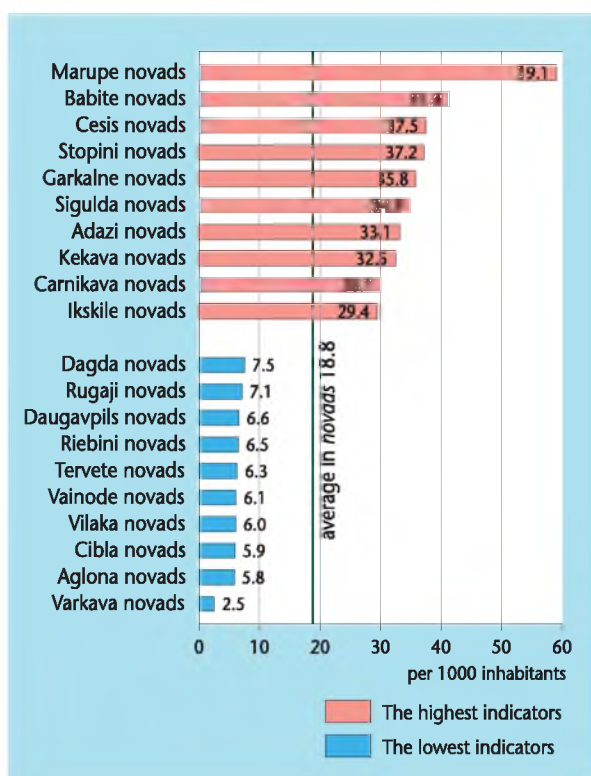


Figure 59. The highest and lowest indicators of economically active individual merchants and commercial companies per 1000 inhabitants in novads in 2009*.

territories. Nevertheless, the number of economically active statistical units of market sector, as indicator, does not completely describe *novads* as individual group of territories as well as the territorial differences. It is because the value of this indicator is largely related to differences between functionally united sets of territories and their economic structure, specific weight of large companies and other contextual factors affecting the formal level of economic activity.

Figures 69 and 70, respectively, show the number of economically active statistical units of market sector per 1000 inhabitants in all territories of local governments in 2009 and the number of economically active individual merchants and commercial companies per 1000 inhabitants in all territories of local governments in 2009.

* Provisional data of CSB.

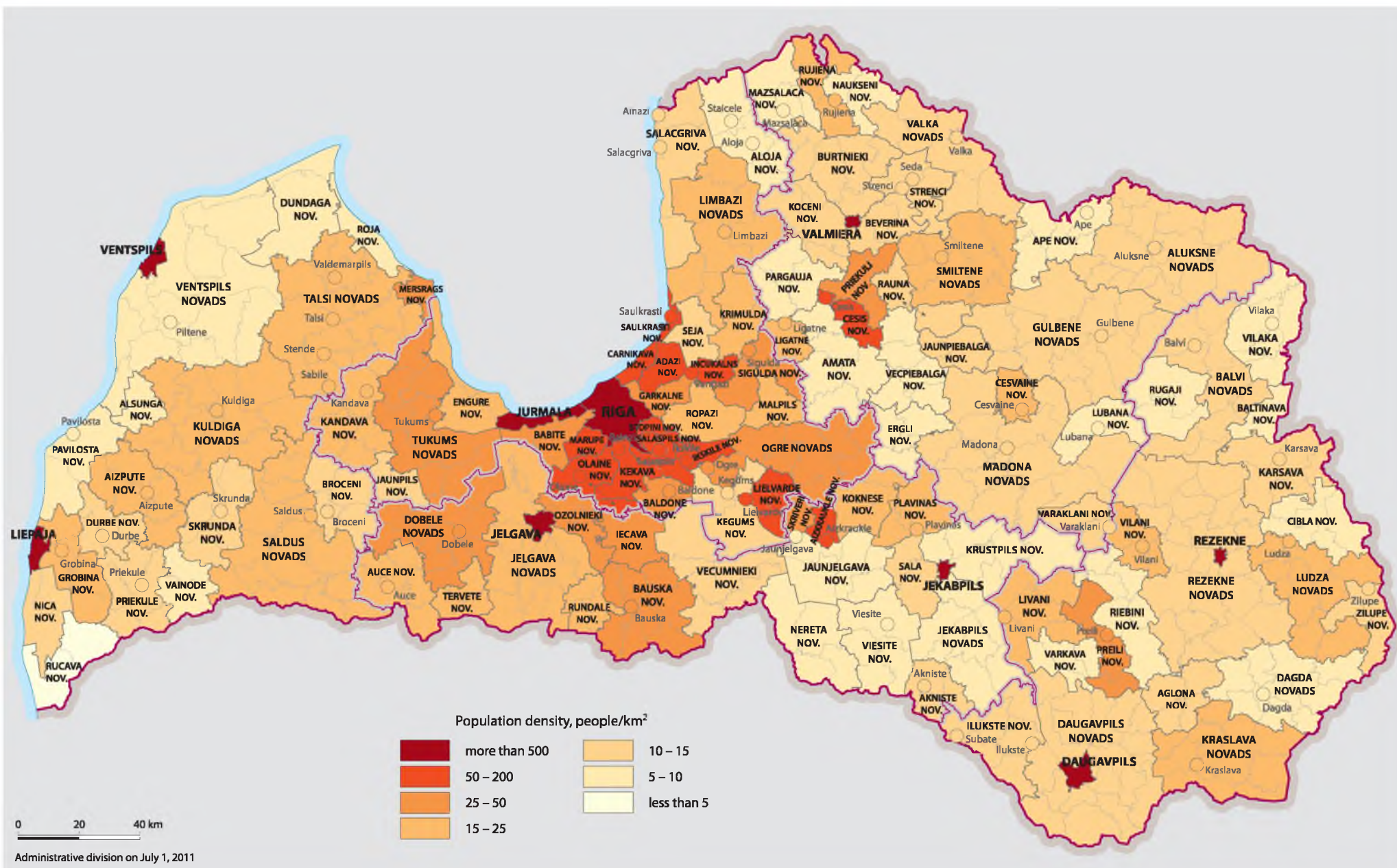
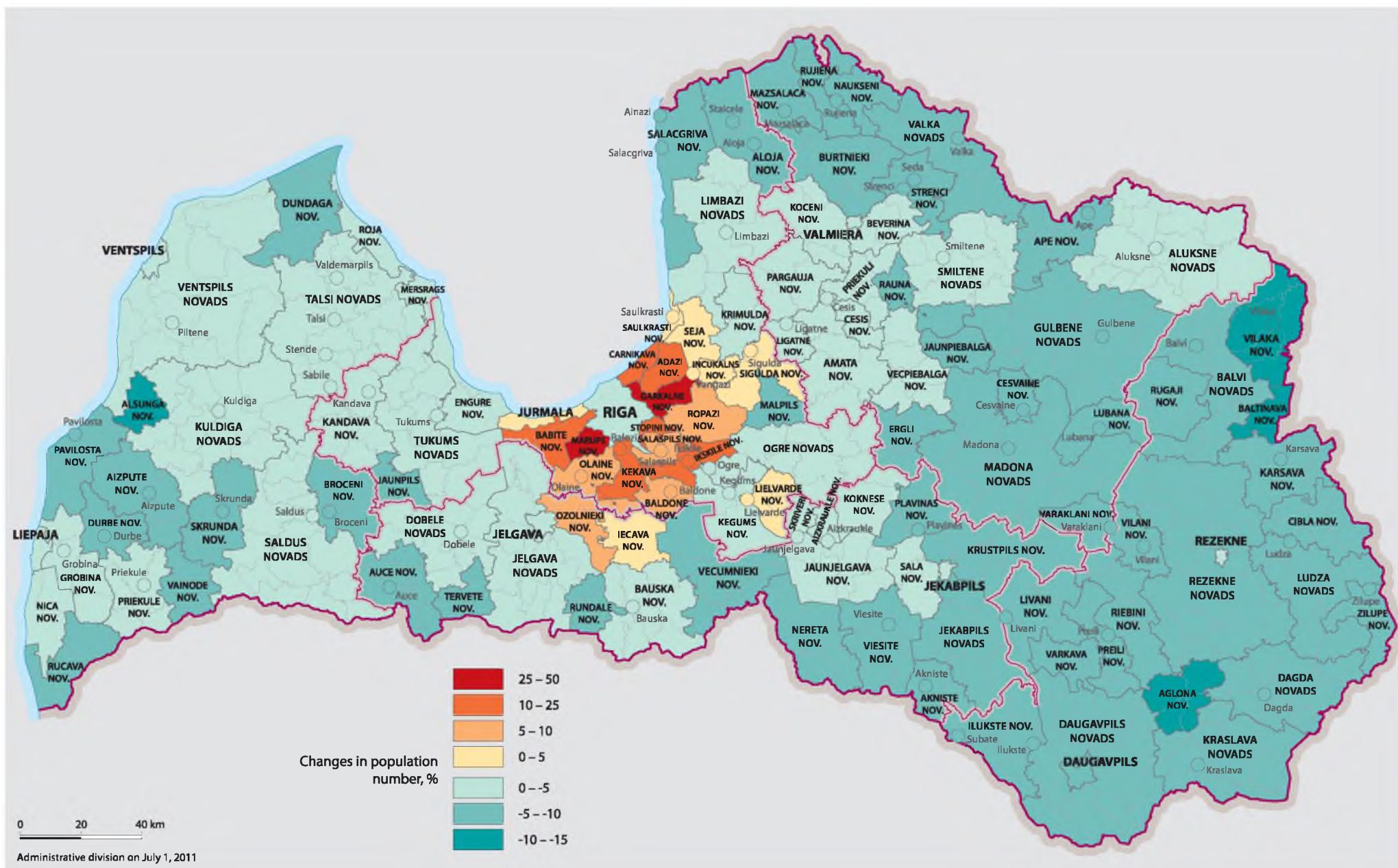


Figure 60. Population density in the territories of local governments at the beginning of 2011*.

* Data of OCMA.



55 Figure 61. Changes in population number on the local government territories from the beginning of 2006 to the beginning of 2011*.

* Data of OCMA.

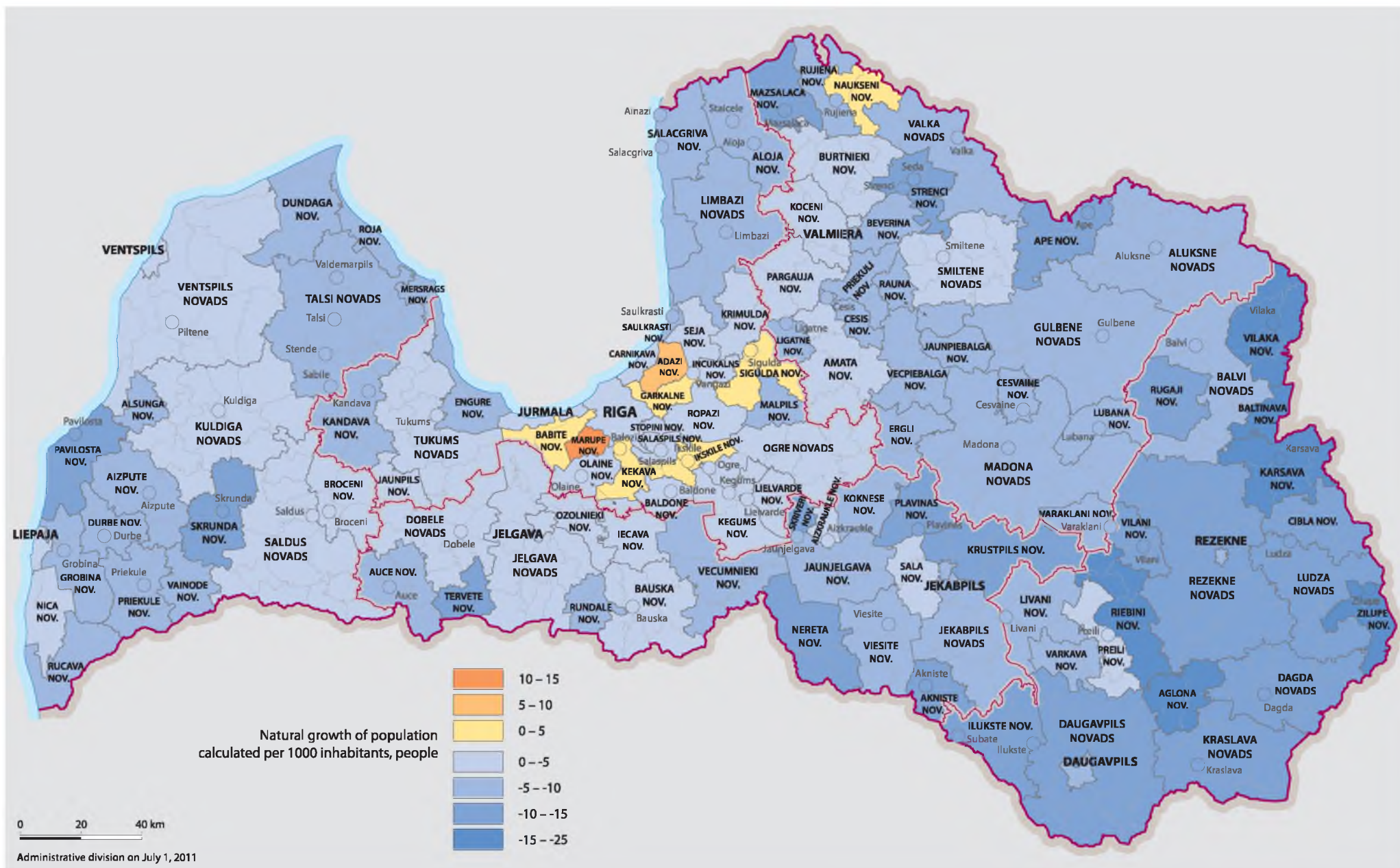
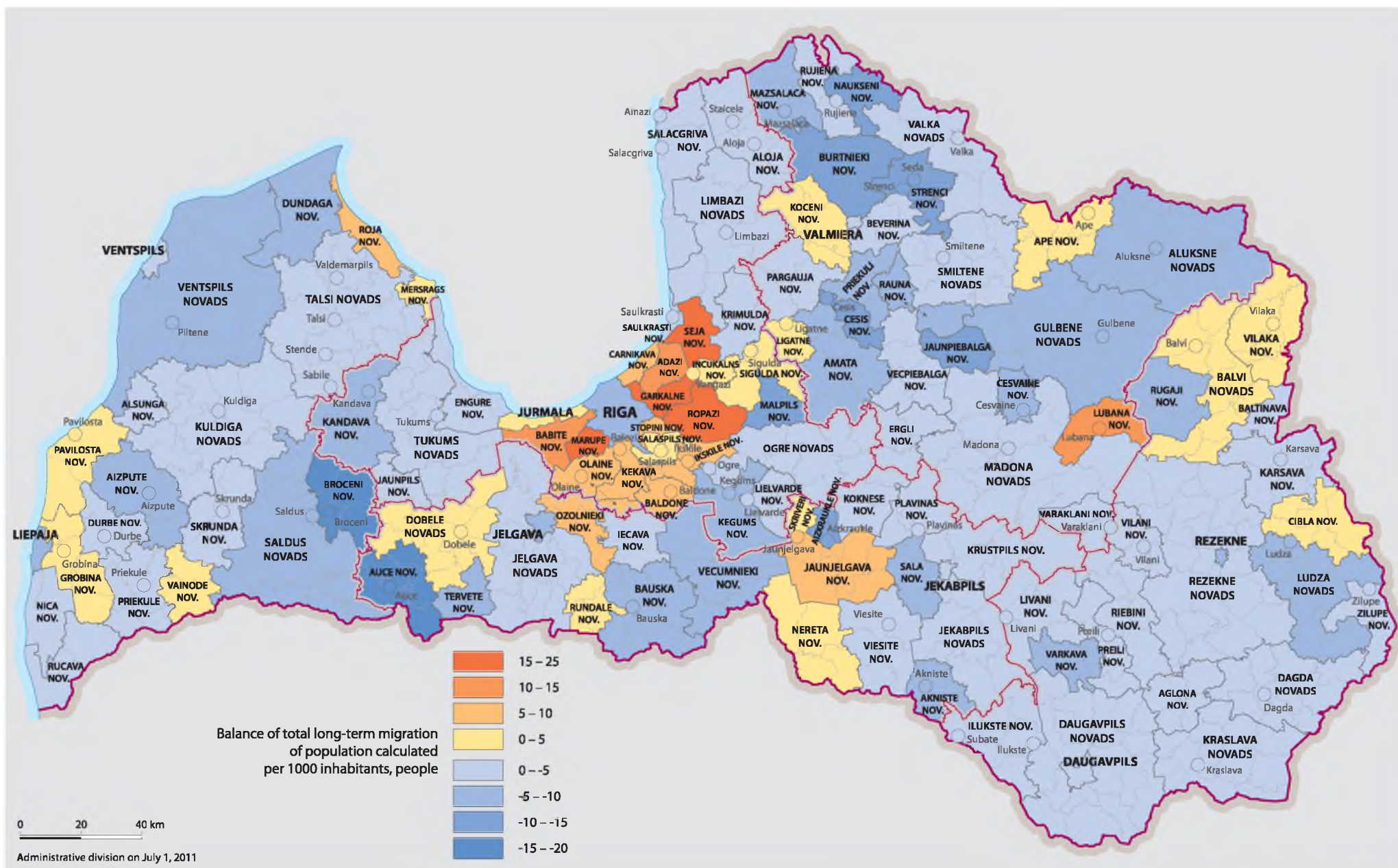


Figure 62. Natural growth of population on the local government territories in 2010 calculated per 1000 inhabitants*.

* Data of OCMA.



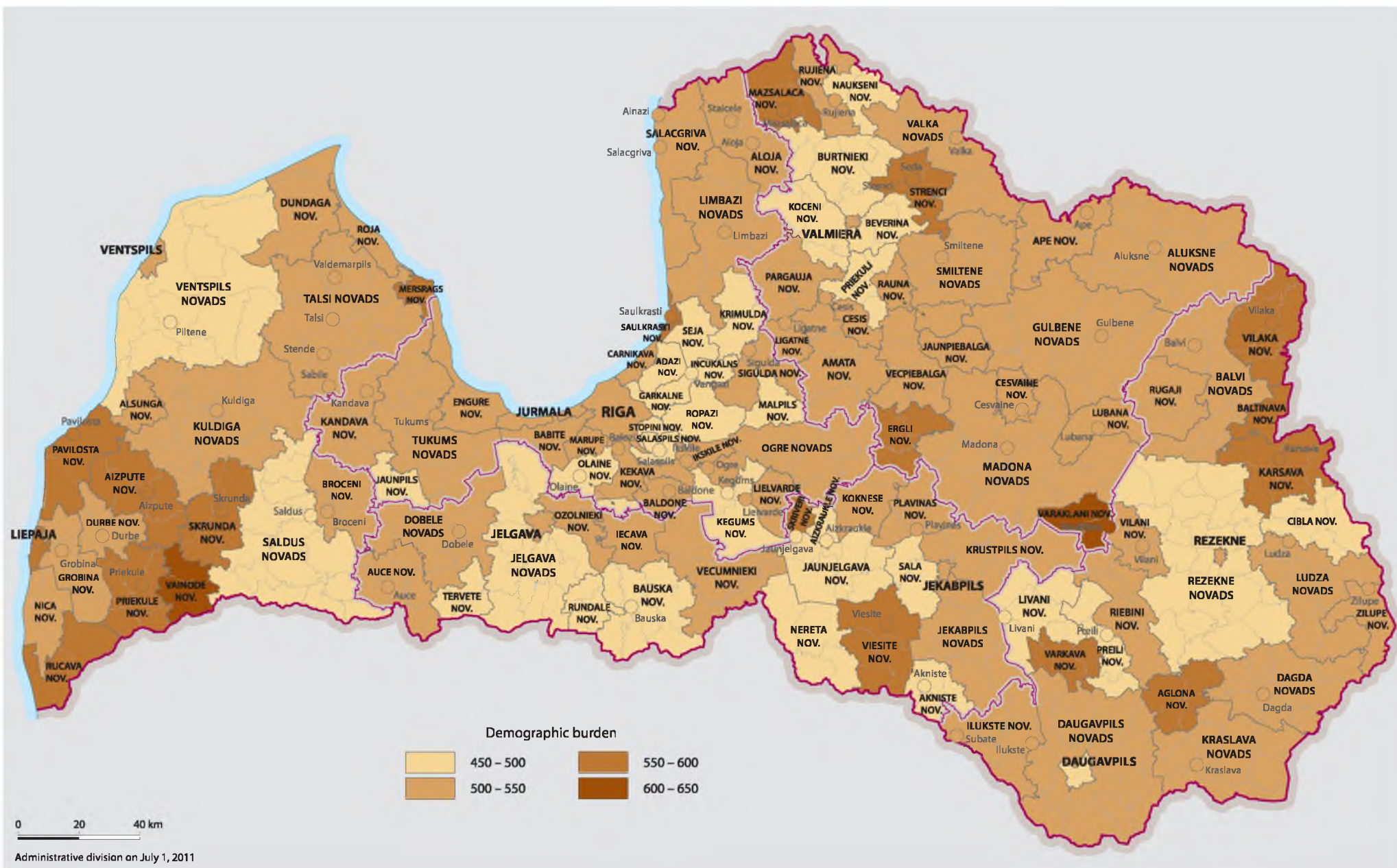


Figure 64. Demographic burden on the local government territories at the beginning of 2011*.

* Data of OCMA.

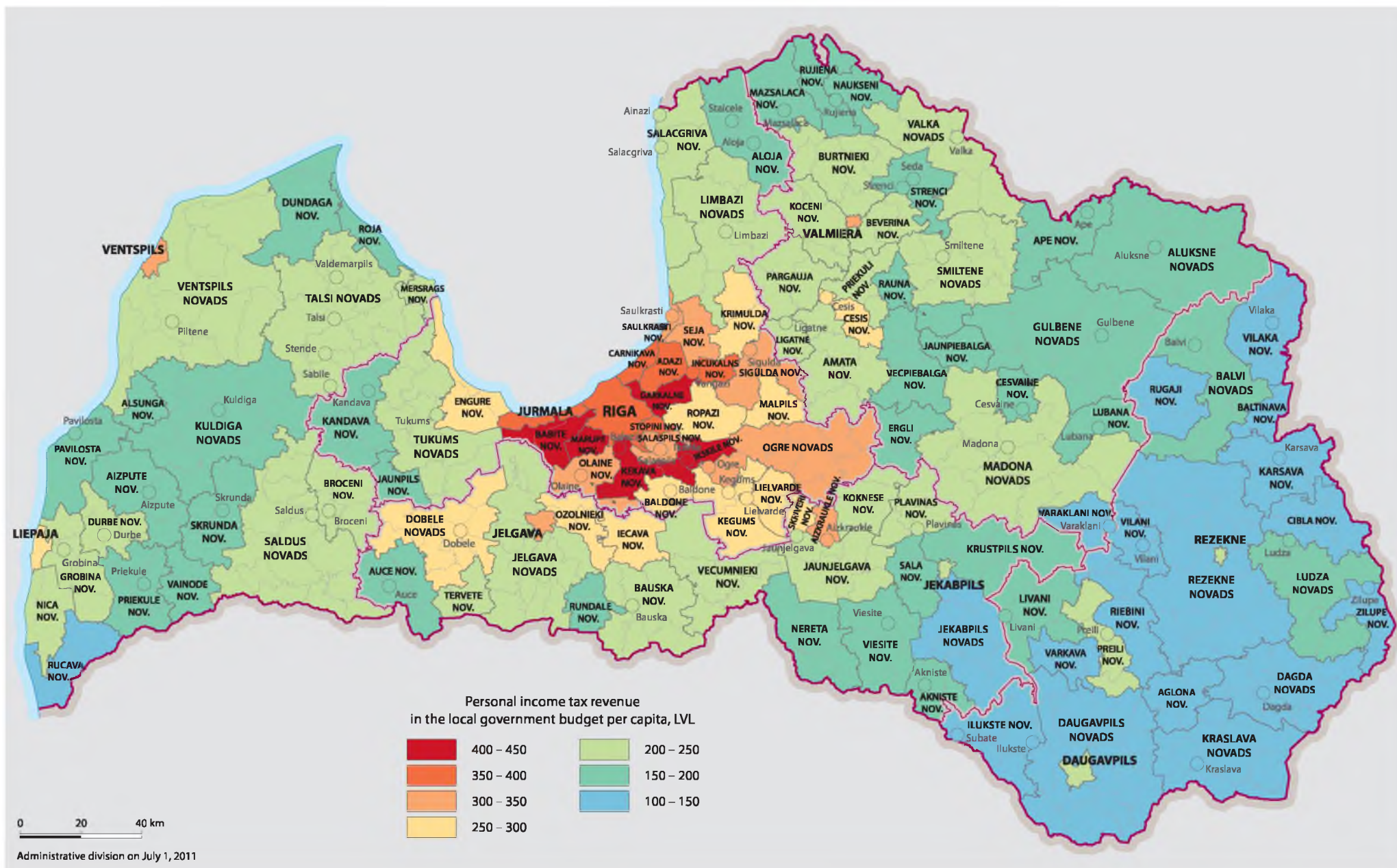


Figure 65. Personal income tax revenue in the local government budget per capita in 2010*.

* SRDA calculations by using the data of State Treasury (PIT income) and OCMA (number of population).

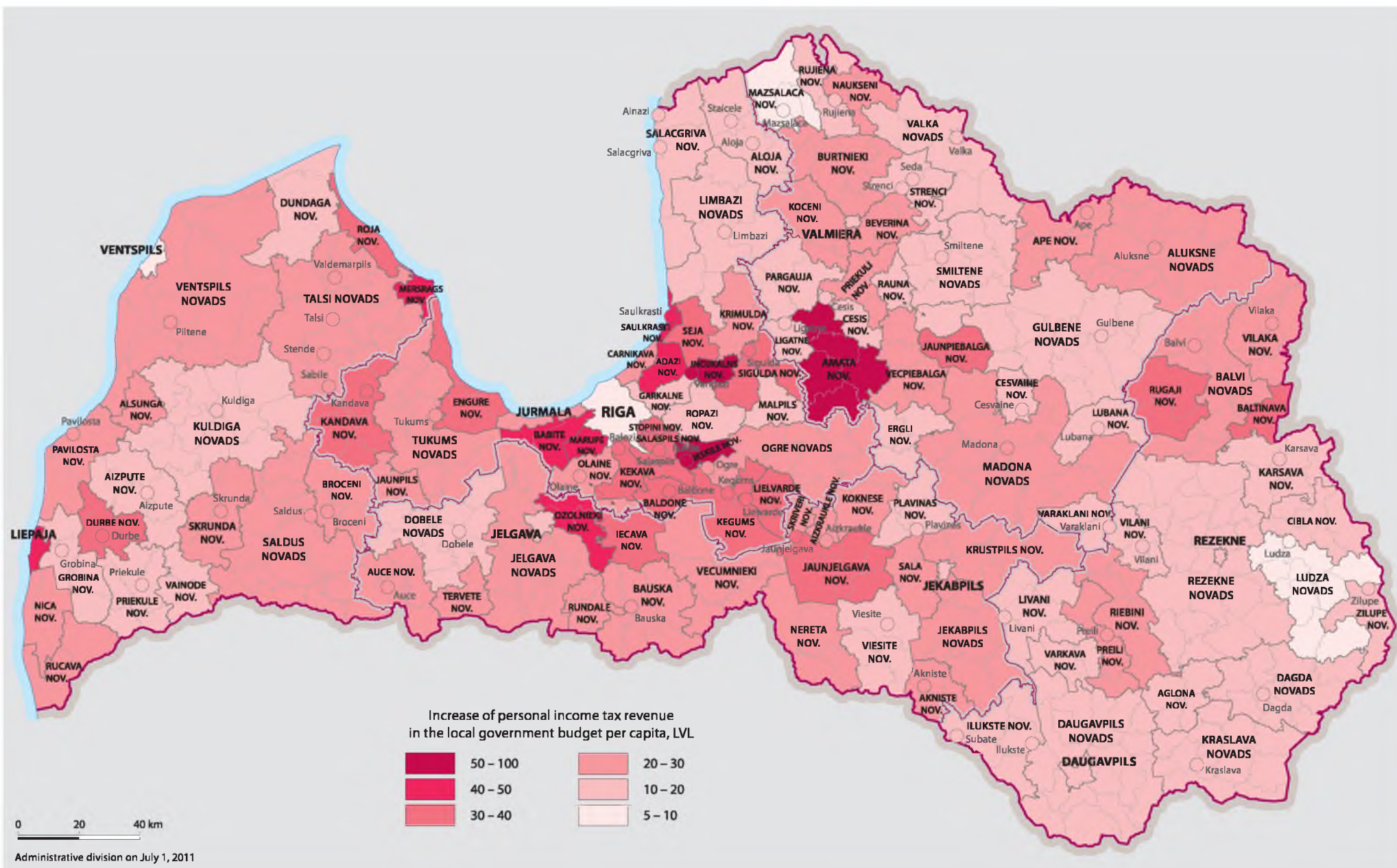


Figure 66. Increase of personal income tax revenue in the local government budget per capita in 2010 compared to 2009*.

* SRDA calculations by using the data of State Treasury (PIT income) and OCMA (number of population).

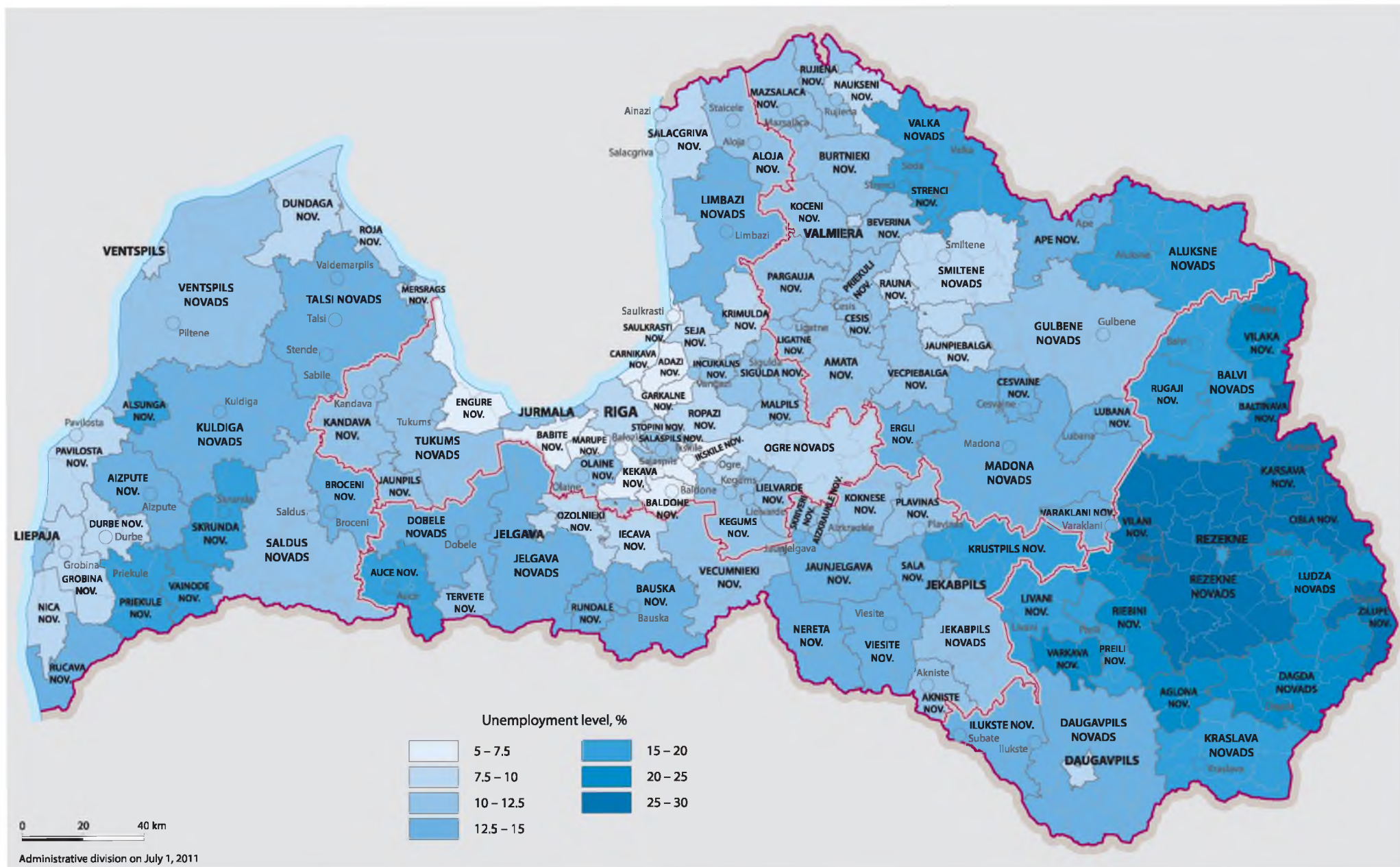


Figure 67. Unemployment level in local government territories at the beginning of 2011*.

* SRDA calculations by using the data of SEA (number of unemployed) and OCMA (number of inhabitants at the able-to-work age).

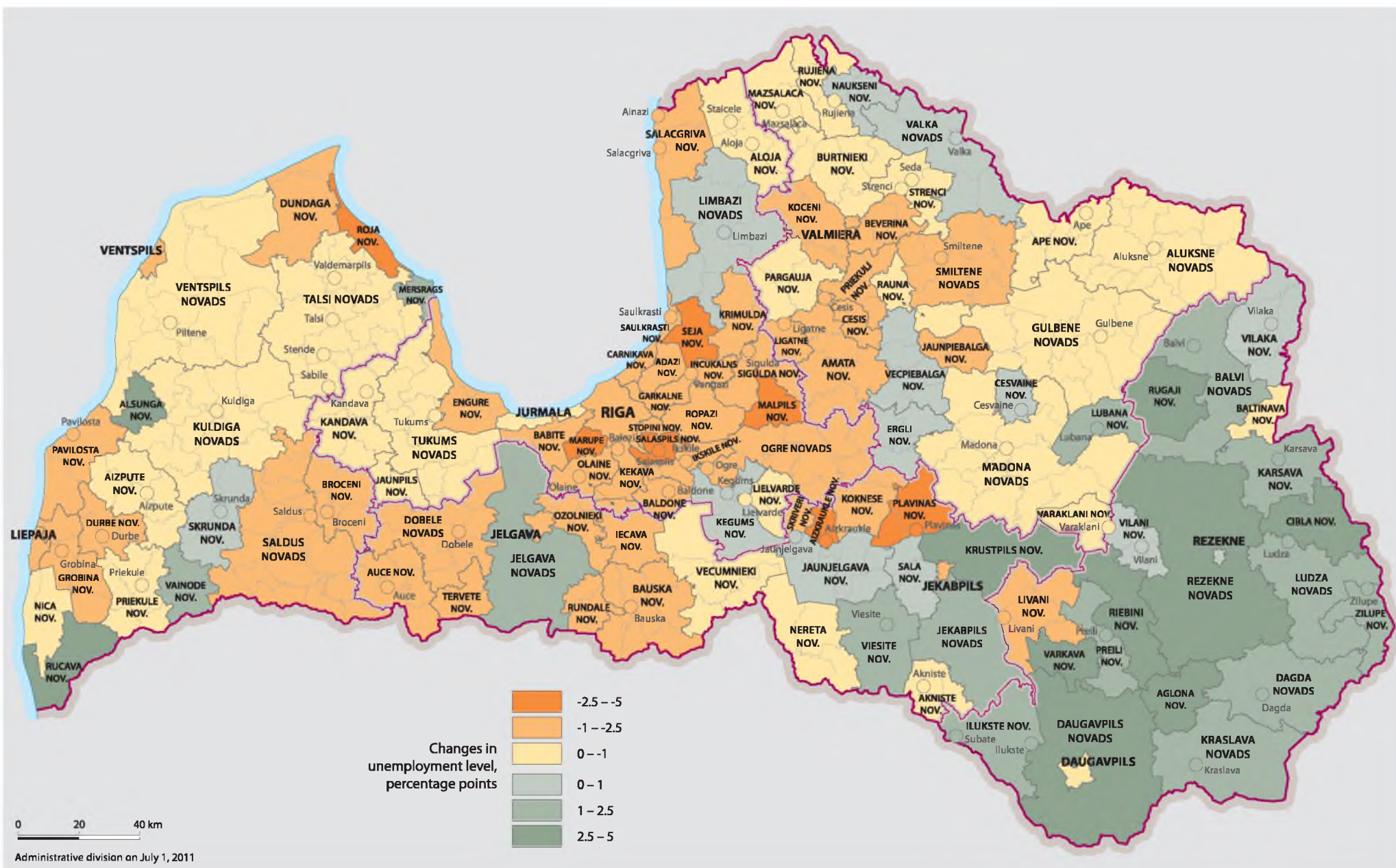
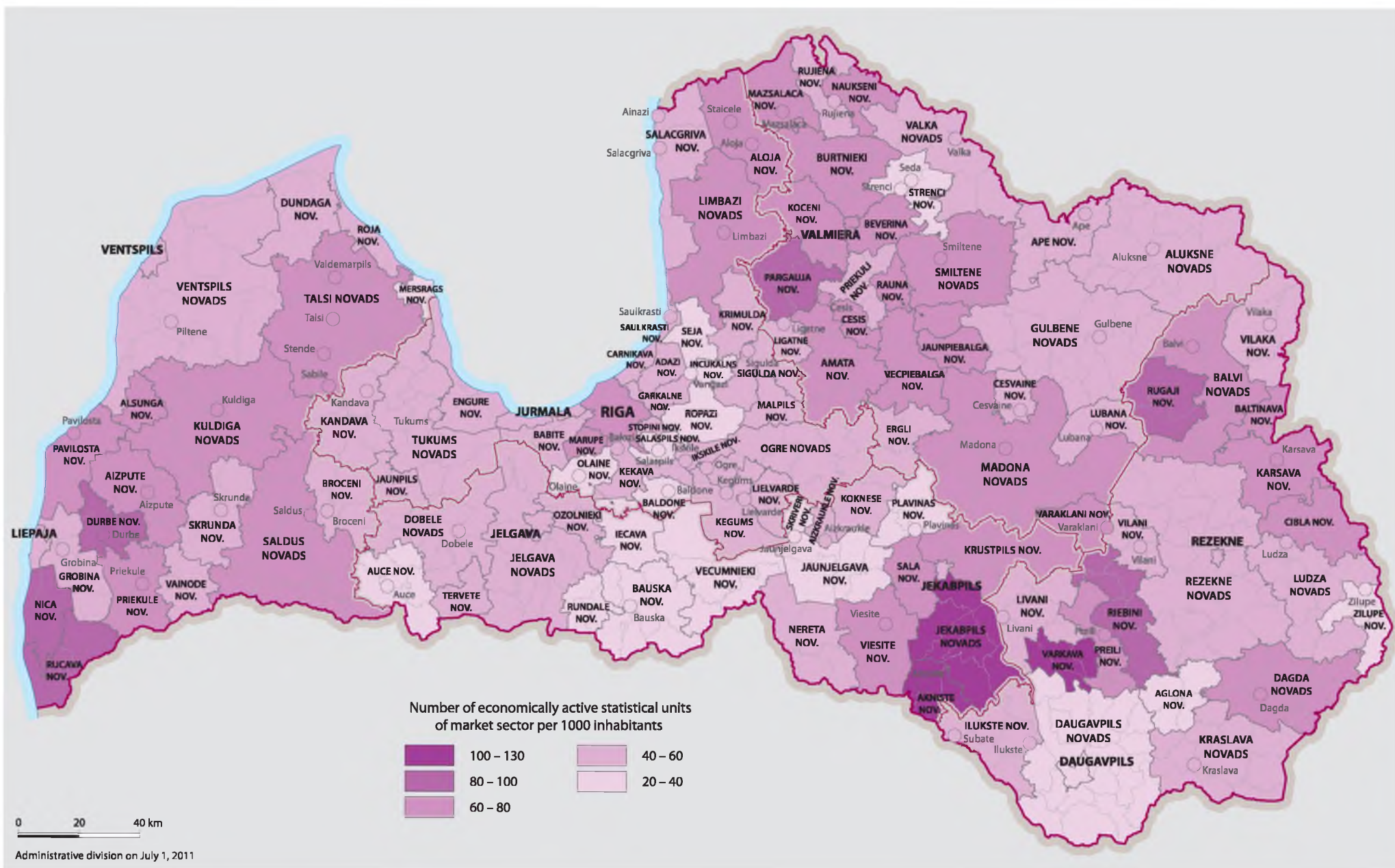


Figure 68. Changes in unemployment level in local government territories at the beginning of 2011 compared to the beginning of 2010*.

* SRDA calculations by using the data of SEA (number of unemployed) and OCMA (number of inhabitants at the able-to-work age)



63 Figure 69. Number of economically active statistical units of market sector per 1000 inhabitants in local government territories in 2009*.

* Provisional data of CSB.

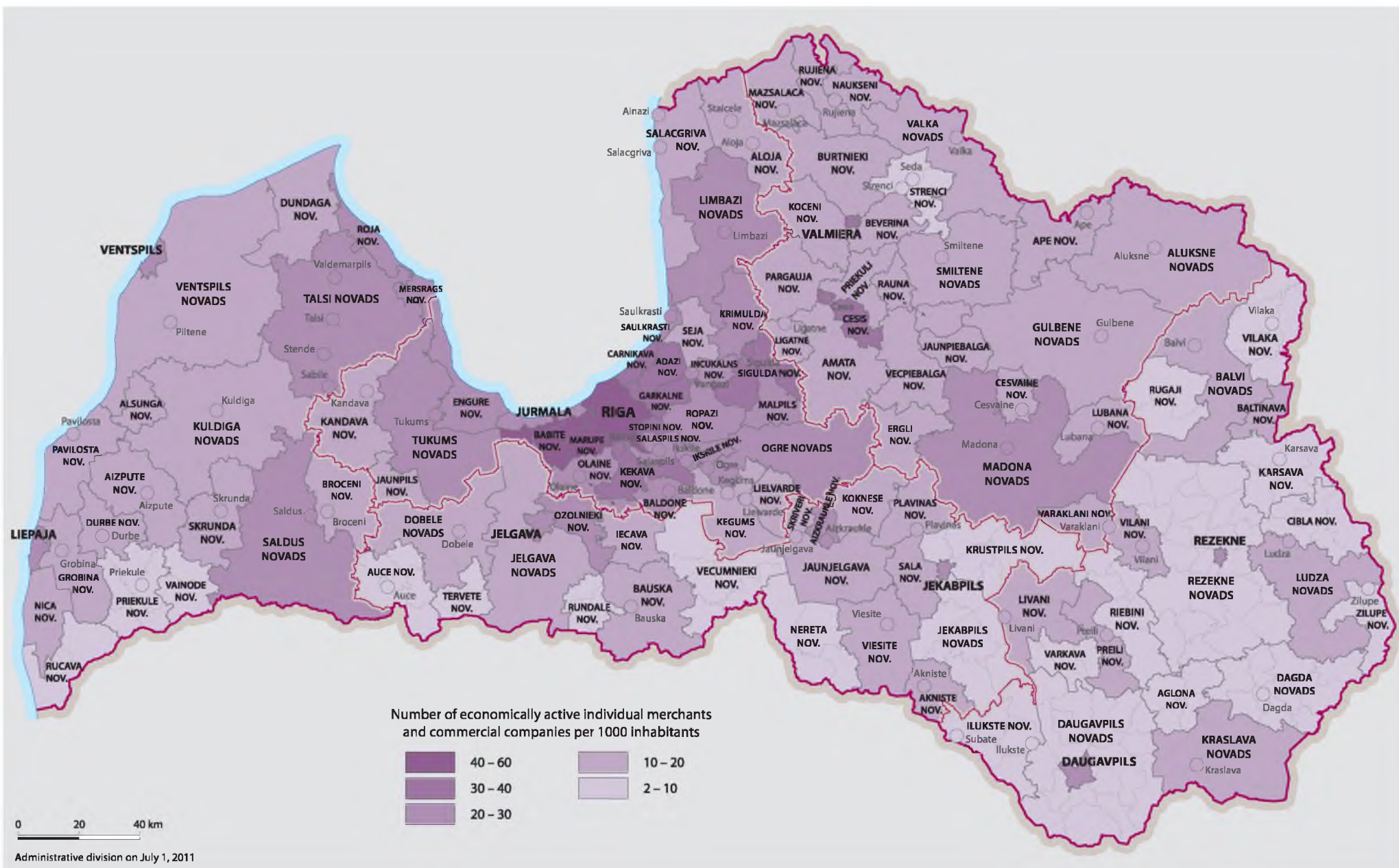


Figure 70. Number of economically active individual merchants and commercial companies per 1000 inhabitants in local government territories in 2009*.

* Provisional data of CSB.



IV ASSESSMENT OF TERRITORY DEVELOPMENT LEVEL

A territory development level index is calculated in Latvia for more than ten years already to assess the development of various territorial units, and it reflects the relative development level of the territory during the report year. Territory development level index is a synthetic indicator which provides the opportunity to characterise and compare territory development according to several demographic, socioeconomic indicators together.

In the course of analytical work it is required to characterise the territory development from different points of view and to analyse those not only in a certain moment, but also in dynamics. Therefore, in 2010 SRDA, in cooperation with the Ministry of Regional Development and Local Governments, developed the methodology for calculation of one more index, the territory development level alteration index.

The procedure for calculating the territory development level index and the territory development level alteration index is set forth by 25.05.2010 Regulations of the CM No. 482 "Regulations on Procedure of Calculating the Territory Development Level Index and Its Values". Enforcement of these Regulations required making changes to the terms of territory development indexes – the only indicator mentioned earlier in the legal acts and called the territory development index (among specialists also referred to as annual index of territory development) was renamed into the territory development level index, while the other development index included in the above Regulations of the Cabinet of Ministers, the territory development level alteration index, was referred to during its development, including in the report "Development of Regions in Latvia 2009", as the territory development chain index.

Territory Development Level Index

The territory development level index characterises the development level of particular territories in the respective year by showing higher or lower socioeconomic development of territories in comparison with the average development level in the group of these territories. Initial data of one year are sufficient for calculating this index as the pace of development is not evaluated.

The average value of the territory development level index in each group of territories in the respective report year is zero and the development is not evident as procedure. Of course, the value of the index changes for each territory year by year, but such changes show the development comparable within the year, not a general one. The territory development level index does not provide the information on whether the territory is developing at faster or slower pace compared to other territories included in the group.

The basis for the method of calculating the territory development level index is standardisation of most important basic development indicators. The standardised indicators are calculated from initial indicators which characterise the territory in various aspects and expressly real measureable units (number of people, money, interest rates and others). As a result of standardisation the initial measuring units of the indicator vanish, therefore various indicators become comparable. The standardised indicators are joined together, thus creating the joint development level index. The values of standardised indicators are calculated for each basic development indicator and for each territory.

Standardisation of indicators is done by using the formula

$$t = \frac{x - \bar{x}}{s},$$

where:

- t – standardised value of the particular indicator characterising the territory;
- x – the indicator to be standardised in the respective territory in its specific measuring units;
- \bar{x} – arithmetic mean of the respective indicator in the group of comparable territories (calculated whether as weighted average or as the ration of two absolute figures);
- s – standard deviation, variation indicator which is calculated by the formula

$$s = \sqrt{\frac{\sum (x - \bar{x})^2 f}{\sum f}},$$

where f is the statistical weight, which usually is the number of population of the territory.

According to administrative-territorial division of the country the territory development level index is calculated for 110 *novads** and nine republican cities as well

* On 03.01.2011 amendments to the Law On Administrative Territories and Populated Areas entered into force and set forth that instead of the former Roja *novads* two separate *novads* – Roja *novads* and Mersrags *novads* – are established. Until then – 109 *novads*.

as for five planning regions. There are eight indicators and the weight of their significance used for calculating the index for planning regions, but for both groups of local governments, republican cities and *novads*, four indicators and the weight of their significance are used (see Table 72).

Indicator	Important weight	
	Planning regions	Rep. cities, <i>novads</i>
Gross domestic product per capita, in actual prices, LVL	0.3	-
Unemployment level, %	0.15	0.3
Personal income tax revenue in the local government budget per capita, LVL	0.1	0.3
Non-financial investment per capita, LVL	0.1	-
Demographic burden	0.1	0.2
Number of economically active individual merchants and commercial companies per 1000 inhabitants	0.1	-
Population density, people/km ²	0.05	-
Changes in population number during last five years, %	0.1	0.2
Sum of weights	1.0	1.0

Table 72. Statistical indicators required for calculation of territory development level index and the weight of their importance.

The territory development level index shows not only which territories are above or below the average level of socioeconomic development in the group of these territories (in case of territories of local governments – with respect to the average republican city, or in the group of *novads*, planning regions – with respect to the average in the country), but also the deviation of development of these territories from the average level (basically the index values may be in a range of +3 to -3).

Use of the territory development level index has expanded significantly over the years. Initially it was used only for defining the specially assisted areas, but currently the territory development level index is applied to:

- development of state support program for territory development;
- calculation of state budget grants to local governments and planning regions for implementation of projects co-financed by the EU structural funds and Cohesion Fund;
- assessment of impact of the EU, state support and other financial instruments to territory development and its economic efficiency;
- compare, assess and forecast the development of various territories and territory development analysis of other kinds.

One of the main purposes of using the territory development level index is defining the intensity of state support to local governments in the projects co-financed by the EU structural funds and Cohesion Fund implemented by them. The territory development level in-

dex determines the proportions of division of national public financing between the state budget grant and self-financing of the local government (*novads*, republican city) for implementation of the project. The procedure for assigning the state budget grant is set forth in 28.07.2009 Regulations of the CM No. 840 "Regulations on Criteria and Procedure for Assigning the State Budget Grant to Local Governments and Planning Regions for Implementation of Projects Co-financed by the European Union Structural Funds and the Cohesion Fund".

The state budget grant may be received by all local governments as well as planning regions* when implementing the projects within the activities of the European Union funds in which the local government or planning region is classified as recipient of support**. Therefore the specifics of assigning the state budget grant are that the advantage of implementing any project in the particular territory or in the activity of the European Union funds is not assessed. Instead, there are several intensity degrees defined for the state budget grant which depend on socioeconomic condition of the local government and ability to co-finance the projects of the European Union funds on its own, on the background of other local governments. This ability is revealed by the territory development level index because the indicators included in it are closely related to the possibilities of the local government budget.

Thus the logics for awarding the state budget grant says: the lower the territory development level index the greater the proportion of state budget grant and the lower the proportion of own financing of the local government (see Table 73).

The decision on state budget grant for implementing the projects co-financed by the European Union Structural Funds and the Cohesion Fund is made based on such territory development level index as it has been at the moment of filing the project application. For 2011 the values of the territory development level index for the local government and planning region territories are defined in the 25.05.2010 Regulations of the CM No. 482 "Regulations on Procedure of Calculating the Territory Development Level Index and Its Values".

The state budget grants have been paid to local governments within two operational programmes of the European Union funds – Operational programme 1 "Human Resources and Employment" and Operational programme 3 "Infrastructure and Services". The total amount of state budget grants paid to local governments during the period from 2009 to the middle of 2011*** is

* Considering that planning regions do not have their own income, they may receive the state budget grant only in the event if the project is implemented together with a local government. During the period from 2007 to the middle of 2011 there has been only one such project.

** The exception is the sub-activities of the activity 3.4.1.5 "Reduction of environmental risks" of the addendum to the Operational programme "Infrastructure and services", and the activity 3.5.1.2 "Development of regional systems for waste management" sub-activity 3.5.1.2.1 "Re-cultivation of dumping sites not meeting the requirements of legal acts", because the commercial activity support is defined in those.

*** Data of the European Union Fund Management Information system as to 24.05.2011.

Group	Territory development level index (interval)	State budget grant, %		Local government financing, %	
		Project application filed		Project application filed	
		till June 30, 2009	after September 30, 2009	till June 30, 2009	after September 30, 2009
V	-2.000 and lower	60	30	40	70
IV	from -1.000 to -1.999	50	25	50	75
III	from 0 to -0.999	40	20	60	80
II	from 0.001 to 0.999	30	15	70	85
I	1.000 and higher	20	10	80	90

Table 73. Proportions of division of national public financing between the state budget grant and local government financing as well as between the state budget grant to planning region and local government financing in the projects co-financed by the European Union Structural Funds and the Cohesion Fund.

8326.4 thousand lats, where 8320.1 thousand lats have been received by local governments for implementing the projects within Operational programme 3 "Infrastructure and Services". The small amount of financing for Operational programme 1 "Human Resources and Employment" may be explained by the fact the activities of European Social Fund (ESF) were reviewed in 2009 and for the purpose of overcoming economic crisis and increasing the attractiveness of the ESF investment the ESF support intensity for several activities was increased to 100 %, thus excluding the necessity for state budget grant (see Table 74 and Fig. 71).

Planning region	2009	2010	2011 (till May 24)
Riga region	310 148	141 604	61 695
Vidzeme region	664 032	584 210	122 028
Kurzeme region	993 874	970 126	81 506
Zemgale region	447 384	616 936	76 435
Latgale region	1 499 614	1 513 875	242 926
Total in Latvia	3 915 052	3 826 751	584 590

Table 74. Volume of state budget grants to local governments within the activities of the European Union Funds from 2009 till mid 2011* by planning regions, LVL.

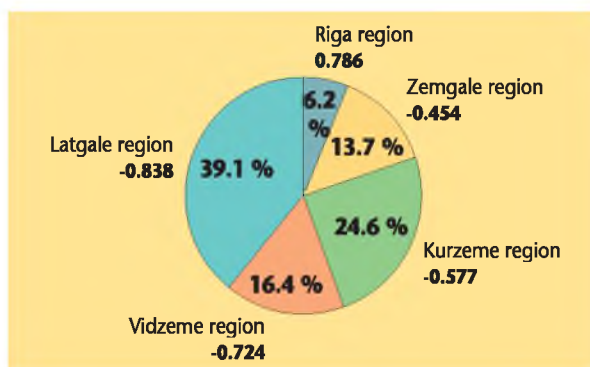


Figure 71. Total volume of state budget grants to local governments within the activities of the European Union Funds from 2009 till the middle of 2011* by planning regions, %. The territory development level index according to data of 2010 has been used for comparison.

* Data of the European Union Fund Management Information system as to 24.05.2011.

After analysing the division of state budget grants paid to local governments by planning regions it may be concluded that the imposed principle is important not only for purposeful distribution of the state support, but also for facilitation of overall regional development: greater volume of state budget grants has been received by those local governments which, according to the values of the territory development level index, are situated in the regions with comparatively worse socioeconomic situation. Thus the budgets of these local governments have been unburdened and they have had the possibility to

both perform the functions provided by law and plan the investment into development of local infrastructure and human resources.

Group of Republican Cities

There were five cities in the group of republican cities in 2010 with positive value of the territory development level index or with the value of the index above the average in this group – Riga, Jelgava, Jurmala, Valmiera and Ventspils. The other four republican cities had the index of different negative numbers or the values of the index were lower than the average in the group of cities.

During formation of development level index value in each territory one of basic components forming the index stands out as the main and composes the largest part of the development level index value. If the indicator is above the average in the group of territories, then the index component corresponding to it is positive and that, in its turn, indicates in which field the development of this territory mostly supersedes the development of the other territories of the same group. And on the contrary – if the indicator is below average then the respective development level index component is negative, it decreases the index value and indicates the field in which the territory lags behind the other territories of the same group most.

The main indicator that determined negative value of the territory development level index in Liepaja, Jekabpils and Rezekne in 2010 was the level of unemployment which was higher than the average indicator in the group of republican cities (11.9 %, 12.7 % and 17.3 % at the beginning of 2011, respectively, but the average in republican cities was 9.3 %).

In Riga and Daugavpils the main indicator of the index was the personal income tax income per capita in the budget of local government. In Riga (LVL 371.0) it was above the average in the group of republican cities (LVL 333.7), but in Daugavpils (LVL 204.0) it was expressly below average, consequently the main component forming the index was positive in Riga, but it was a negative figure in Daugavpils.

The main indicator determining the value of the territory development level index in Jelgava and Ventspils was the demographic burden – in both cities this indicator was

more favourable than the average in the group of republican cities. Jelgava is characterised by the lowest proportion of population above the working age among the republican cities, 18.9 % of the total number of population at the beginning of 2011 (average in the group – 21.2 %).

The most important countable of development index in Jurmala and Valmiera was the change in population number. During the period from the beginning of 2006 till the beginning of 2011 the number of population in Jurmala increased by 1.0 %. Though the number of population in Valmiera decreased during this period (by 1.7 %), it was anyway a notably better indicator than the average in the group of republican cities (decrease by 2.9 %). Thus this component of the index was positive in both cities and increased the territory development level index value.

When the values of territory development level index of 2010 are compared to the relevant data of 2009 it may be noted that the development index for Riga, Valmiera and Jelgava has increased in the positive value area, but for Jekabpils and Liepaja – in the negative value area. While Jurmala and Ventspils are characterised by decrease of values of territory development level index in the positive value area, Daugavpils and Rezekne have the same in the negative value area.

During the period of three years, from 2008 to 2010, Jurmala continuously had the highest values of territory development level index in the group of republican cities, but Rezekne continuously had the lowest. There have not been any drastic changes in development of any city with respect to the average indicator in the whole group of cities which is confirmed by comparatively minor changes of index values over the years and unchanged location of cities in the positive or negative area of index values (see Fig. 72).

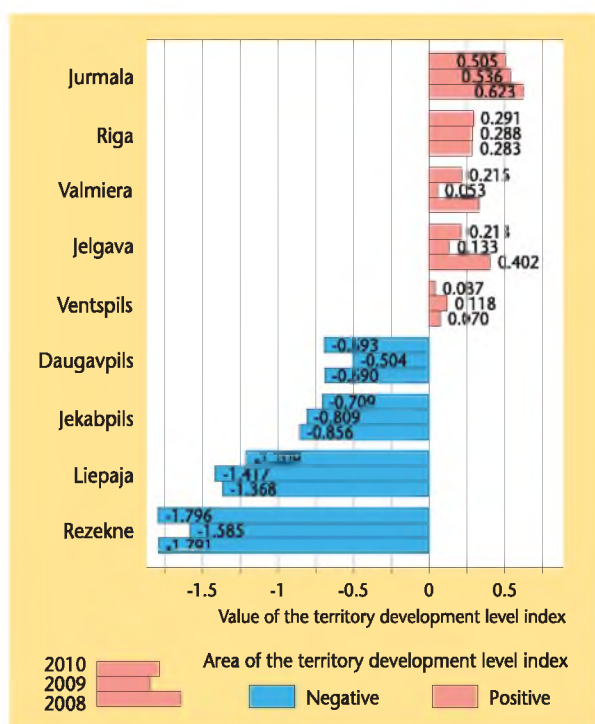


Figure 72. Territory development level index of republican cities according to the data of 2008–2010.

Comparing positions of republican cities in rank distribution according to the territory development level index in 2009 and 2010, three cities have relatively changed their situation. Compared to other cities the most rapid increase to the average indicators was for development indicators in Valmiera and it moved up in ranking from the 5th position in 2009 to the 3rd position in 2010, while Jelgava stepped down in ranking from the 3rd to the 4th position, but Ventspils – from the 4th to the 5th position. The other six republican cities kept their positions with respect to average level in the group of republican cities.

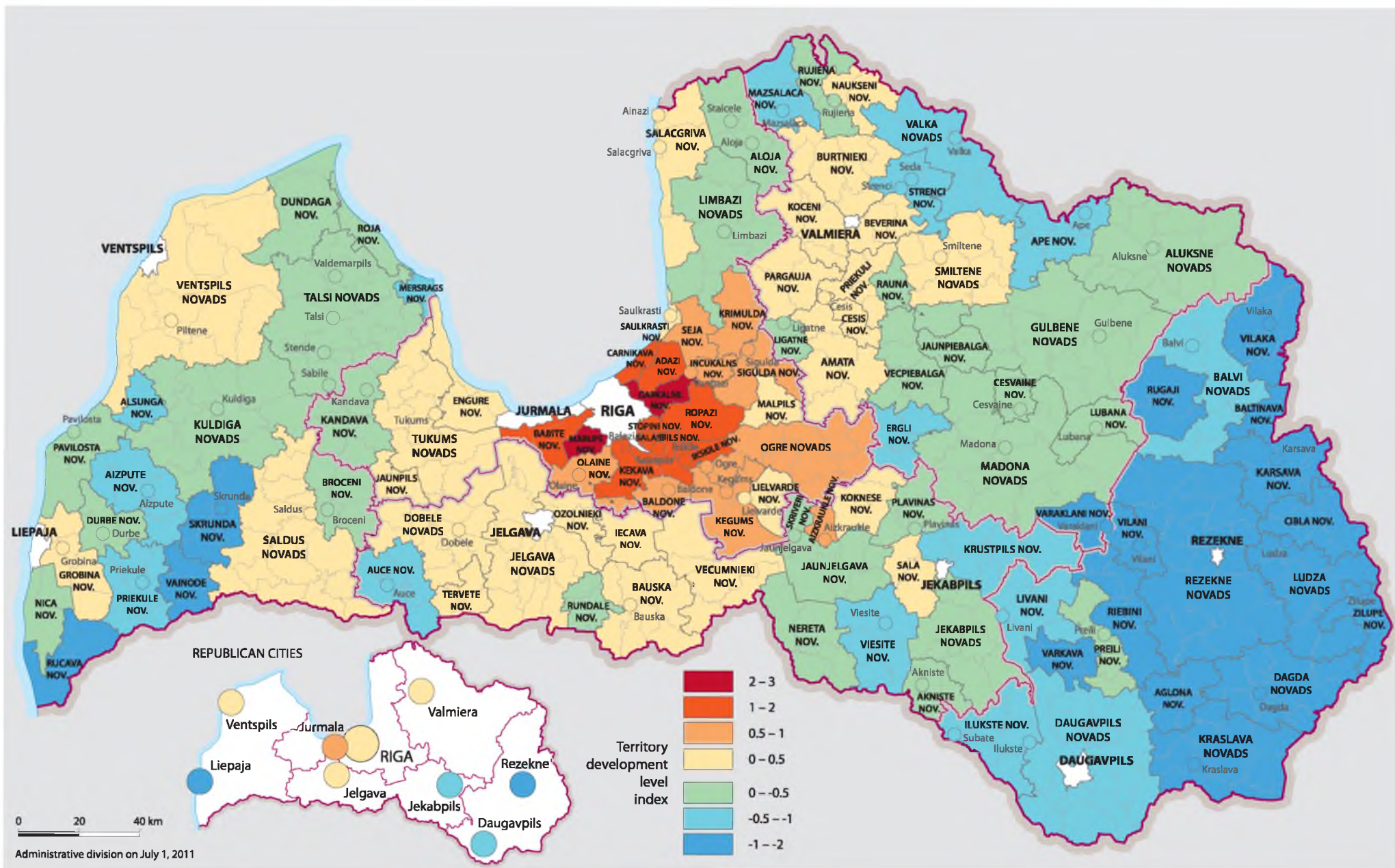
The table in Annex 2 to this report contains the territory development level index of republican cities that has been calculated according to the data of 2008, 2009 and 2010 as well as the ranking of cities developed based on it, while Figure 73 shows on the map the territory development level index of republican cities according to data of 2010.

Group of Novads

In 2008 in the group of 110 *novads* there was a positive value territory development level index, or above the average, in 46 *novads*, respectively, negative value of the index, or below the average, was in 64 *novads*, while both in 2009 and 2010 the territory development level index had positive value in 47 *novads* and negative in 63 *novads*.*

The main indicator determining the value of the territory development level index (as a component of both positive and negative index) in 36 *novads* was the level of unemployment, in 34 *novads* it was the volume of personal income tax per capita, in 37 *novads* – the level of demographic burden. Changes in population number became the determining component for the territory development level index in three *novads* (Garkalne, Marupe and Alsunga *novads*). From the beginning of 2006 till the beginning of 2011 the number of population in Marupe *novads* increased by 47.7 %, in Garkalne *novads* by 36.1 %, but in Alsunga *novads* it decreased by 13.3 %. These indicators differed from the average indicator in the *novads* group (-1.8 %) most expressly, and according to them the main component of the development index in Garkalne and Marupe *novads* was with a positive, but in Alsunga *novads* – with a negative value. According to data of 2010 the highest value of the territory development level index was in Garkalne *novads*, 2.500, but the lowest was in Baltinava *novads*, -1.767 (see Fig. 74). Value of the territory development level index increased in 50 *novads* in 2010 compared to 2009, i.e. positive changes were evident in 2010 in these *novads* with respect to the average development level in all *novads*. Comprehensive positive development characterised 12 *novads* of Riga region where all

* The territory development level index has been recalculated according to 03.01.2011 amendments to the Law On Administrative Territories and Populated Areas, namely by including the present boundaries of Roja *novads* and Mersrags *novads*.



69 Figure 73. Territory development level index of novads and republican cities according to data of 2010.

the components of the development index were positive or exceeded the average indicators in the group of *novads*. Those were Adazi, Babīte, Garkalne, Īncukalns, Kegums, Kekava, Lielvarde, Olaine, Ropazi, Salaspils, Seja and Stopini *novads*. In turn, in 60 *novads* the value of the territory development level index decreased in 2010 compared to 2009.

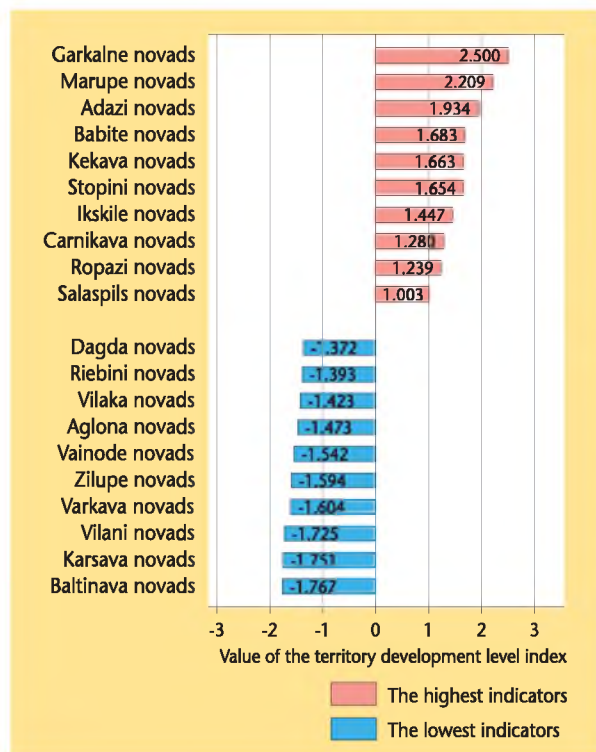


Figure 74. Novads with the highest and the lowest values of the territory development level index according to data of 2010.

The territory development level index of all *novads* can be found in Annex 2 to the report which is calculated according to data of 2008, 2009 and 2010 as well as there is a ranking of *novads* developed per values of the index. Figure 73 shows the territory development level index of all local governments of Latvia according to data of 2010.

Planning Regions

Among planning regions only Riga region has had a continuously positive value of the territory development level index since 1999, but in the other four regions it has

continuously been negative. The value of the territory development level index improved in Kurzeme, Vidzeme, Zemgale and Latgale regions in 2010 compared to 2009, while in Riga regions it slightly decreased. This tendency was evident a year earlier also (except Kurzeme region) which shows that during the last years the common socioeconomic differences between Riga region and the other regions decreased a little. But the index values still indicate that the level of difference remains very high (see Table 75 and Fig. 75).

Planning region	according to data of 2008 Value Ranking	according to data of 2009 Value Ranking	according to data of 2010 Value Ranking
Riga region	0.989 1	0.956 1	0.786 1
Vidzeme region	-0.827 4	-0.803 4	-0.724 4
Kurzeme region	-0.651 3	-0.701 3	-0.577 3
Zemgale region	-0.516 2	-0.508 2	-0.454 2
Latgale region	-1.267 5	-1.164 5	-0.838 5

Table 75. Territory development level index of planning regions according to data of 2008, 2009 and 2010.

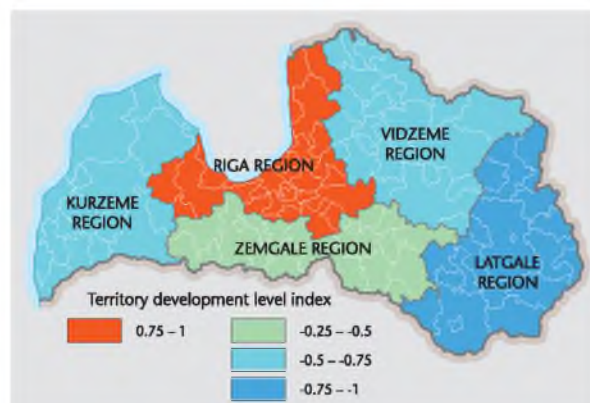


Figure 75. Territory development level index of planning regions according to data of 2010.

Gross domestic product per capita stood out as the main component of the territory development level index in all five planning regions in 2010, but only in Riga region this indicator was positive and increased the value of the index, but in other regions it was negative and decreased the value. In 2008 the GDP per capita (the indicators of 2008 as the latest available in regional section are included in the 2010 calculation of the territory development level index) in Riga region was 38 % higher than the average in the country, but in other regions it was 22–45 % lower.

Territory Development Level Alteration Index

Considering wide use of the territory development level index as well as its impact on finances of local governments there was an opinion expressed that it is not enough to describe the territory development only by development level, but one should see its changes, their speed, pre-emptive or lagging pace of development, i.e. the territory development level alteration index should be calculated.

The most significant difference between both indexes is formed by the basis different in time which is used in the formula for standardisation of basic indicators. Arithmetic average in the group of territories during the report year are used as basis for comparison in calculating the territory development level index, but in the calculation of the territory development level alteration index those are the arithmetic averages and standard deviation in the group of territories during the previous year. Thus, the territory development level alteration index characterises changes in territory development level compared to the previous year by showing the lagging or pre-emptive development of territories compared to the average development level of the previous year.

In 2009, compared to 2008 and similar to development processes in the whole country, the territory development level alteration index reflected decrease of development level in both local government groups and in the group of planning regions – average values of the index were negative figures. In the group of republican cities the average territory development level alteration index was -2.803, in the group of *novads* it was -1.156 and in the group of planning regions it was -0.730. Negative value of the territory development level alteration index was most affected by rapidly increasing level of unemployment and fall in income from personal income tax.

While in 2010 compared to 2009 the territory development level alteration index in all groups of territories was positive numbers of different values. The average value of the index in the group of republican cities was 0.133, in the group of *novads* it was 0.141 and in the group of planning regions – 0.012. So, the values of the territory development level alteration index reflected small, but positive changes in all groups of territories. The main role in creating positive value of the index was played by the same indicators which influenced fall of the territory development level alteration index a year earlier – unemployment level and volume of personal income tax per capita. At the beginning of 2011 the unemployment level, compared to the beginning of 2010, decreased in the group of republican cities by 1.4 percentage points, in the group of *novads* – by 0.6 percentage points, but in the group of planning regions – by 1.0 percentage points, while the volume of personal income tax per capita in the budgets of local governments in 2010, compared to 2009, increased in the group of republican cities by 3.6 %, in the group of *novads* – by 12.1 %, but in the group of planning regions – by 6.9 %. It should be noted that the increase of income from personal income tax in 2010 was mostly influenced by changes in taxation laws.

Group of Republican Cities

The values of the territory development level alteration index in 2009, compared to average indicators of 2008, were negative figures in all nine republican cities, thus clearly indicating negative influence of economic recession in the territories of all local governments of this group. While in 2010, compared to average indicators of 2009, values of the territory development level alteration index increased in all republican cities, moreover, in five cities – Jurmala, Riga, Valmiera, Jelgava and Ventspils – the values of the index became positive figures. According to data of 2010 the territory development level alteration index, overall, indicates positive development tendencies in the republican cities (see Fig. 76).

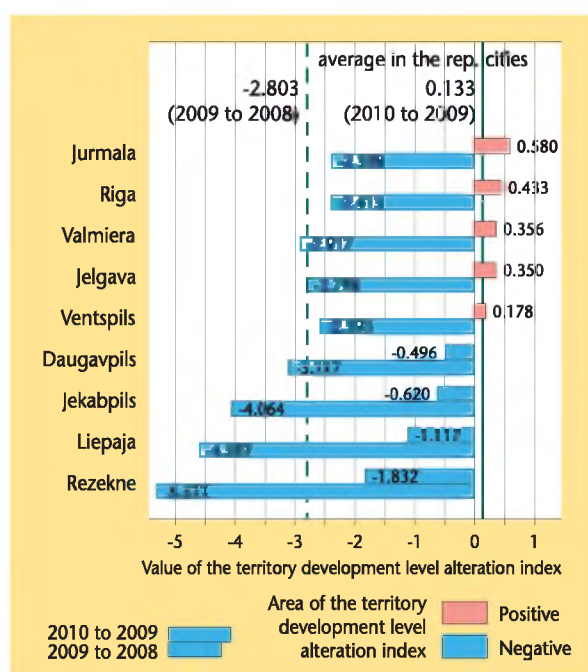


Figure 76. The territory development level alteration index of republican cities according to data of 2009 compared to average indicators of 2008 and according to data of 2010 compared to average indicators of 2009.

In Figure 77 the territory development level alteration index of republican cities according to data of 2010 compared to average indicators of 2009 is shown on the map. The territory development level alteration index of republican cities according to data of 2009 compared to average indicators of 2008 and according to data of 2010 compared to average indicators of 2009 as well as the ranking of cities developed according to values of the index are shown in the table of Annex 2 to the report.

Group of Novads

The territory development level alteration index in the group of *novads* was negative in 2009, compared to average indicators of 2008, in the territory of 101 *novads*

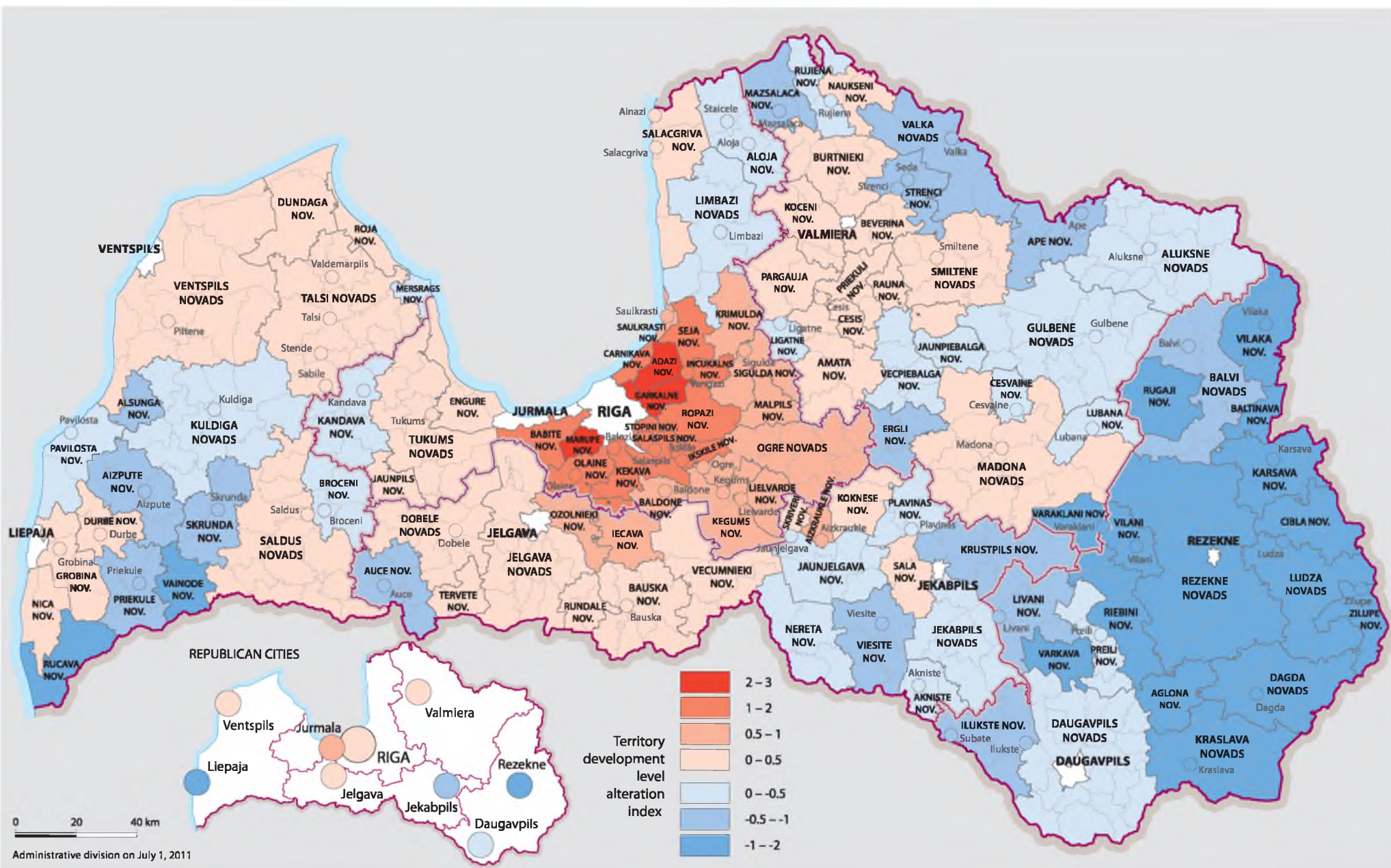


Figure 77. Territory development level alteration index of novads and republican cities according to data of 2010 compared to the average indicators of 2009.

and was positive only in nine Pieriga novads by clearly describing the overall negative development of novads local governments under the economic recession. Moreover, not the economic indicators, but the indicator of increase in population number has essential influence in creating positive index value for Pieriga novads.

In 2010 compared to average indicators of 2009 the territory development level alteration index, like in the group of republican cities, evidenced about positive changes in development of novads. More than a half of novads, 56 novads, had positive index values; while in all 110 novads the value of the territory development level alteration index increased compared to average indicators of the previous year (see Fig. 78).

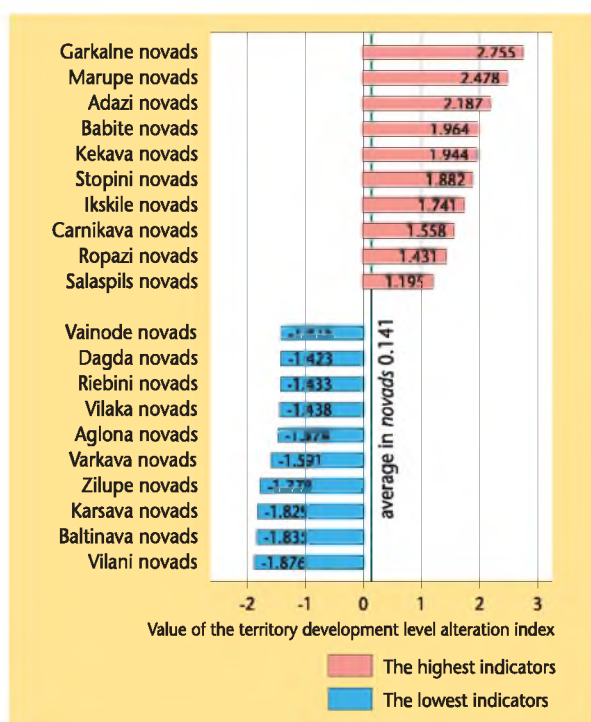


Figure 78. Novads with the highest and the lowest values of the territory development level alteration index according to data of 2010 compared to average indicators of 2009.

The territory development level alteration index of all novads according to data of 2009, compared to average indicators of 2008, and according to data of 2010, compared to average indicators of 2009, as well as the ranking of novads development according to the values of the index is provided in Annex 2. The territory development level alteration index of all novads according to data of 2010 compared to average indicators of 2009 is shown in Figure 77.

Planning Regions

In the group of planning regions, both in 2009, compared to average indicators of 2008, and in 2010, compared to average indicators of 2009, the values of the territory development level alteration index were positive in Riga region and negative in other four regions. Comparison of values of the index for both years shows that they increased in 2010 compared to the previous year in all planning regions (see Table 76 and Fig. 79).

Planning region	according to data of 2009 compared to 2008		according to data of 2010 compared to 2009	
	Value	Ranking	Value	Ranking
Riga region	0.383	1	0.912	1
Vidzeme region	-1.549	4	-0.768	4
Kurzeme region	-1.407	3	-0.564	3
Zemgale region	-1.328	2	-0.452	2
Latgale region	-2.111	5	-1.162	5

Table 76. Territory development level alteration index and ranking of planning regions according to data of 2009, compared to average indicators of 2008, and according to data of 2010, compared to average indicators of 2009.

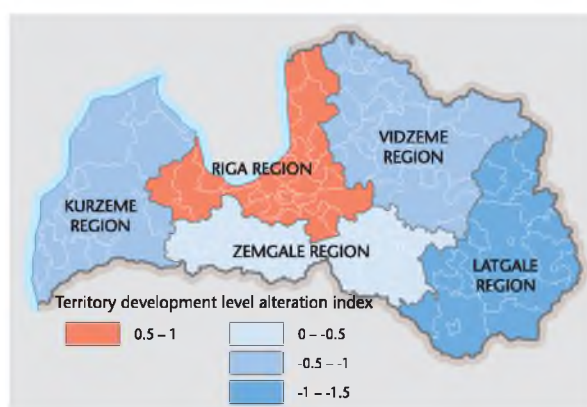


Figure 79. Territory development level alteration index according to data of 2010, compared to average indicators of 2009.

The essence of the territory development level alteration index should be noted here again as it shows both a comparative territory development level and the pace of development during the previous year, nevertheless not for each of the territories individually, but for each of the territories with respect to the average indicators of the previous year in the group of territories, and in the event of planning regions – with respect to average indicators of the country. Therefore, negative index values of Vidzeme, Kurzeme, Zemgale and Latgale regions in 2010 do not mean that there has been no development in these territories throughout the year or there has been a regress, but that the average level of development of the country of the previous year has not been reached in these regions, which, in turn, is significantly influenced by more favourable demography, socioeconomic indicators of Riga region. Also, the positive value of the territory development level alteration index of Riga region in 2009 does not indicate growth during economic recession of Latvia, but that the level of development did not decrease in Riga region to the average development level of the country of the previous year.

Though the territory development level alteration index reflects both a comparative level of territory development and the dynamics of development, it is not the indicator replacing the territory development level index, but is only supplementing it. The difference between the territory development level alteration index and the territory development level index reflects the size of changes in territory development level within a year.

Improvement of Methods for Assessment and Supervision of Territory Development

The territory development level index is used in many cases: to describe regional development and regional differences in informative manner understandable to the public; to define the specially assisted areas, development centres and the share of local government co-financing for the projects financed by the state or the European Union Funds. It is used as criteria to evaluate the projects implemented by the European Union and as an indicator in supervision of regional development planning documents. Extended use of the territory development level index determines the need for a new approach.

There should be several methods for monitoring and assessment of territory development, including several development indexes, the content of which arises from the purpose of their application. Such purposes should be divided into two different groups.

The first group includes methods and indexes applied for solving analytically informative tasks, i.e. to get a general and comparative picture of overall development of different territories or for individual, but at the same time sufficiently general fields (for example, general social development) as well as to provide information on these issues easily understandable for the public. The available statistical information, administrative data and the assessments acquired as the result of surveys, inspections and application of other express methods may be used for implementing the methods of this group.

Methods of the first group should solve or at least support the following tasks:

- support the development of local government development programs by helping to define the specifics of each local government;
- provide for the opportunity to define the specifics of local government development within particular, predefined groups of regional development target territories (typologies) – towns, rural areas, coastline, borderland – or outside those;
- identify the territories with the highest potential for investment feedback.

The second group includes methods and indexes, including indexes used as administrative criteria in policy development and use of particular policy instruments. Such methods and the respective methodologies for index calculation should be based on official statistical information or administrative data generated by governmental institutions, and they should be fit for inclusion into legal acts.

Because the purposes for using the methods of the second group are very different and specific in each case, we should depart from the previous practice of using one universal index describing the development everywhere. The most relevant indicators describing the policy context should be chosen for each particular event of policy development or implementation and

they should be used whether separately or a special, synthetic index should be developed of them. While using the methods of the second group, the criteria for territorial distribution of the state and European Union investment, establishing the parts co-financed by the state and local government, and project evaluation should be defined.

State Regional Development Agency is currently introducing the European Regional Development Fund (ERDF) project “Local Government Territory development Planning, Infrastructure and Real Property Management and Supervision Information System” (TAPIS). One of the sub-projects within this project is the development of Regional Development Indicator Module (RDIM) which foresees development of a tool for monitoring regional development and support of decision-making. This will be an additional tool for evaluation of local government territory development tendencies as well as preparation and monitoring of territory plans and development programmes.

The approach to methodology development is based on assessment of development with specific indicators in the context of a particular model – the *three capital model* widely known in the world since the beginning of nineties of the 20th century is chosen. According to this model the development is viewed as simultaneous development of three metaphorically supposed capitals: social, economic (or human-made) and environmental (or natural).

Use of particular model allows looking at the development in a structured way, not forgetting that one should not talk about the development only as economic growth, increase of welfare or in another narrowed view.

The three capital approach provides the opportunity to look at the normative concept of *sustainable development* sufficiently practically. In the context such development is deemed sustainable during which none of the three capitals is decreasing.

Another essential methodology cornerstone is the indicative approach. For this purpose, a balanced and systemically developed, sufficiently versatile, but not duplicating set of indicators is developed based on the chosen model.

According to the methodology of indicator development and use the indicators are the values describing the significant processes of management system the purpose of which is to provide the decision-makers with the information required for taking adequate management decisions.

The indicators do not require additional interpretation, they are:

- integral and non-duplicating;
- subject to construction and purposes of system management structure;
- related to the models used in analysing, forecasting and modelling of system processes.

At the same time the indicators should be:

- reliable;
- representative (in space and time);
- scientifically accurate;
- acquired by standardised methodology and expressed in standardised units;
- verifiable;
- easily perceptible and understandable;
- comparable;
- required for the user;
- change sensitive;
- usable for forecasting;
- obtainable at reasonable (information acquiring and processing) costs.

Implementation of the three capital model is based on capital approach in system analysis. The capital approach is widely used in economy, but in the analysis of development processes the capitals may be interpreted as relatively metaphoric values. According to the traditional economic approach capital is a (production) factor which is used for creation of benefits, but at the same time it is not significantly consumed (decreased) in this procedure of creation. Capital may be similarly, by more widely, interpreted when speaking about development. Illustration showing capital (stock), its changes and influencing factors may be seen on Figure 80.

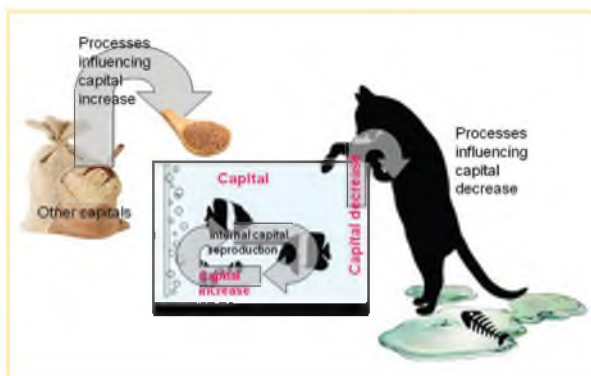


Figure 80. Capital (stock), its decrease and increase as well as the factors influencing this.

The most essential feature of capital: it is increasing when investment into it is made, but is decreasing in the process of wear (amortisation). For the capital to be maintained, it should be renewed.

Each of the capitals has their quantity and quality features divided by possibly trying to divide the quality aspects into logically justified sub-dimensions. Dimensions and sub-dimensions, or quality side of capital, are described by slow changing indicators and they are, essentially, the characteristics for territory development potential.

Interactions (dynamic processes, flows, factors influencing capital changes) are separated from the capitals as such (as things *per se*). Capital interactions form nine fundamental processes (interaction of each capital with the others and internal reproduction) which should be divided into more detailed sub-processes. Capital interaction on process level (without detailing into sub-processes) is illustrated in Figure 81 where K_s stands for the social capital, K_e – the economic, but K_v – the environmental capital. Index 0 at the capital means its position at freely chosen initial point of time-count, but t – the condition of this capital after the defined period of time.

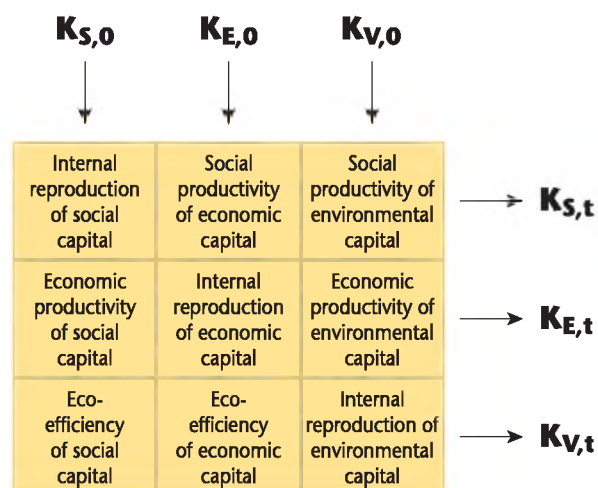


Figure 81. Development model describing the main capital interaction processes.

Characteristics of those interactions between capitals are described in the cells of the picture which determine the changes of these capitals, in other words – the new condition after a certain time.

Methodology for territory development monitoring and assessment based on such approach is currently being developed by SRDA so that with introduction of RDIM each local government could use it in its daily practice as well as the policy-makers would have an impartial and versatile evaluation of situation available to base their decisions upon.

One of the most significant requirements for implementing the development monitoring and assessment methods is creation of time-rows of indicators – significant conclusions about the course of development processes may be based only upon sufficiently long monitoring history. Currently, there is only one territory development monitoring index in Latvia with a sufficiently long time-row developed – it is the territory development level index.

Operation of the ESPON Research Program in Latvia



The European Observation Network for Territory development and Cohesion (ESPON) is operating since 2002. The activities of ESPON program

are directed to analysis of information and research on European country territory development tendencies and territorial impact of sector policies. Program ESPON 2013 supports performance of research in the context of territory development and competitiveness by concentrating both on the short-term dynamics of processes and on long-term development.

ESPON activities from 2007 to 2013 devote special attention to support of policy development processes to facilitate territorial cohesion and overall balanced development of European territory. The budget of ESPON program is 47 million Euros of which 75 % are financed by the European Regional Development Fund (ERDF).

Latvia is represented in the ESPON supervision committee by the Ministry of Environmental Protection and Regional Development while the function of ESPON contact-point is performed by SRDA Cooperation and Information Department International Cooperation Project Division.

Reports are developed within the ESPON program, which provide comparable information and analysis of development tendencies on territories of European countries. One of the tasks of SRDA, as the contact-point of ESPON, is to provide opinions on reports of the ESPON program projects, to maintain the research cooperation network within the themes of ESPON and distribute the results of research. The reports of ESPON are used for making decisions in the EU cohesion development process. Participation in the ESPON cooperation network provides Latvia with an opportunity to assess its situation in the context of European countries as well as in sectional and territorial view.

Benefits of Latvia from Participation in the ESPON Program

By participating in the ESPON program Latvia has an opportunity to participate in the process of developing international spatial policies. The information and statistical data acquired by ESPON which is mutually comparable ensures positioning of Latvia in a wider international space. While understanding of international processes allow reacting and developing the base for spatial development policy of the country.

International experience in planning and research has been acquired during implementation of ESPON program projects by mastering new methods and approaches. Involvement in implementation of ESPON program increases the interest and understanding of politicians and specialists about territory development processes, tendencies and forecasts in Europe and in the world.

International Project Groups

The projects of ESPON program are implemented by international project groups established by the interested partners. The cooperation partners are local governments, higher education institutions and commercial companies. The principle of *leading partner* is applied to each international project group, i.e. the management structure of such project sets forth that one of the partners shall accept financial and administrative responsibility for the project as a whole as well as for all partners involved in the project.

Project applications are drafted according to priorities in the defined subjects. The project proposals should be filed with the ESPON coordination unit in Luxembourg. Any interested institution may use the established ESPON *Partner Café* to search for project partners.

ESPON Partner Café

Partner Café is established to make the search for project partners easier during drafting the project applications. Institutions may join ESPON *Partner Café* by informing about their competence. By filling in the application form and sending it to espon@espon.eu the institution is added to the list of potential partners which is updated on regular basis.

ESPON Contact-point in Latvia

The network of ESPON contact-points is formed by contact persons delegated by participating countries which are chosen from the institutions that coordinate research activities in the program themes in their country.

As the contact-point of ESPON, SRDA provides for the opportunity to acknowledge the research centres, institutions and individual researchers operating within the themes of ESPON in Latvia; ensures regular communication with those; develops and coordinates the research cooperation network; organizes seminars and thematic meetings.

Support to international project groups is provided within the ESPON contact-point network by providing information about the activities of Latvian project partners and exchange of relevant experience between the ESPON projects and the ESPON coordination unit. SRDA performs distribution of the results of ESPON research by directing such information to the groups of residents, organizations and institutions within the interests of which the themes and result of research are.

More information may be obtained from SRDA Cooperation and Information Department International Cooperation Project Division*.

* ESPON national contact-point in Latvia.
Tel. +371 67079030, e-mail espon@vraa.gov.lv,
www.vraa.gov.lv (part "International cooperation"),
twitter.com/ESPON_LV, www.espon.eu.

V ANALYSIS OF LOCAL GOVERNMENTS FINANCES

Total Volume of Local Government Budgets

The local government budget indicators summarised and analysed in this chapter reflect what kind of funds are available to local governments for performance of their functions and duties, implementation of voluntary initiatives and development and for what purposes they are being used.

Local governments file a monthly report to the State Treasury on execution of budget and, after performance of audits and receipt of opinion from the State Control, they file more detailed annual reports. Both budget reports of individual local governments and reports on execution of overall budget of local governments are available to any interested party on the State Treasury home page*. Moreover, there is a restricted access State Budget and Local Government Budget Report (SBLGBR) database developed in the State Treasury.

The budgets of local governments consist of principal budget and special budget. Such division exists since the first half of nineties of last century already, it is not currently corresponding to the situation and it makes complicated any analysis and evaluation as well as makes the overall local government budget system less transparent. Local government of Riga city is not using special budget any more since 2010, but is including the respective revenue and expenses into the principal budget (separate from the principal budget are only donations and gifts), and since 2011 the local government of Jūrmala city has joined such practice as well. It would be optimal for all local governments to renounce special budgets by including all of the respective information into one budget report. In 2010 the Ministry of Regional Development and Local Governments prepared and filed with the Cabinet of Ministers the informative report "On increasing and varying of financial sources for local government budgets" where one of the proposals was for liquidation of division of local government budgets into principal budget and special budget.

A rapid growth in revenue and expenses of local government budgets was evident in Latvia till 2008 (see Table 77). Both the volume of budget revenue and expenses and the proportion of the consolidated local government budget in the consolidated total budget of the country increased. Together with the economic recession, the volumes of local government budgets decreased considerably in 2009 compared to the previous year, besides the decrease in revenue and expenses of local government budgets was faster than in the

Year	Revenue of consolidated total budget of the state, million LVL	Revenue of consolidated budget of local governments, million LVL	Proportion of local government budget revenue in the consolidated total budget of the state, %	Expenses of consolidated total budget of the state, million LVL	Expenses of consolidated budget of local governments, million LVL	Proportion of local government budget expenses in the consolidated total budget of the state, %
2007	5350.1	1432.4	26.8	5255.4	1457.5	27.7
2008	5727.2	1683.3	29.4	6266.5	1787.3	28.5
2009	4728.4	1334.3	28.2	5626.3	1394.9	24.8
2010	4607.0	1316.9	28.6	5409.7	1264.4	23.4

Table 77. Revenue and expenses of consolidated total budget of the state and consolidated budget of local governments in 2007–2010*.

Year	Changes in revenue of consolid. total budget of the state	Changes in revenue of consolid. budget of local governm.	Changes in expenses of consolid. total budget of the state	Changes in expenses of consolid. budget of local governm.
2007	33.23	38.72	29.10	40.35
2008	7.05	17.52	19.24	22.63
2009	-17.44	-20.73	-10.22	-21.96
2010	-2.57	-1.30	-3.85	-9.36

Table 78. Dynamics of revenue and expenses of consolidated total budget of the state and consolidated budget of local governments in 2007–2010, % to the previous year**.

consolidated total budget of the state. Decrease of revenue and expenses in the budgets of local governments continued in 2010, but not so fast any more than during the previous year (see Table 78). The revenue of consolidated local government budget in 2010 was 1.317 billion lats, i.e. by 1.3 % less than in 2009. The proportion of revenue of local government budgets in the consolidated total budget of the state decreased in 2010 to 28.6 % (28.2 % in 2009). The expenses of consolidated budget of local governments in 2010 were for the first time less than the revenue, until then the expenses usually exceeded the revenue. The expenses of consolidated

* Data sources: Annual reports on execution of the consolidated total budget of the state. For 2010 – the official monthly report (January–December 2010) on net execution of the consolidated total budget of the state (including donations and gifts). Calculations made based on data of the reports.

** Calculations made based on data of Annual reports on execution of the consolidated total budget of the state. For 2010 – data of the official monthly report (January–December 2010) on execution of the consolidated total budget of the state (including donations and gifts) have been used.

budget of local governments in 2010 were 1.264 billion lats or 23.4 % of the consolidated total budget of the state. The proportion of expenses of local governments had not been so low in the consolidated total budget of the state since year 2000.

It should be noted in reviewing and analysing the local government budget and the tendencies of changes in its volume that the volume of the budget is influenced also by the institutional framework for function implementation chosen by local governments. Revenue and expenses of local government capital companies are not included in the local government budget reports.

The volume of financial resources available to local governments is one of the most discussed issues of local government finances. The local government sector, overall, is expressing the opinion that the financial resources of local governments are insufficient for implementing the functions entrusted to them and regulated in legal acts. It should be stressed at the same time that the financial capacity of local governments is very different.

Table 79 provides the assessment provided by local governments within the local government self-assessment survey* about their financial condition and

sufficiency of funds. It may be seen that during the two years of expressed upward movement, in 2007 and 2008, approximately one third of local governments assessed their financial condition as good or very good; less than one tenth as bad or very bad and the rest as satisfactory. Together with the economic recession and decrease in volumes of local government budgets in 2009 the assessment of local governments on their finances became worse – more than a half (55.6 %) assessed it as bad or very bad and only 8.0 % as good or very good. The assessment improved a little in 2010 – 14.4 % of local governments assessed their financial condition as good (but none as very good), 50.0 % as satisfactory and a bit more than one third (34.8 %) as bad or very bad.

Year	Very good	Good	Satisfactory	Bad	Very bad
2007	0.8	26.8	64.0	7.3	1.1
2008	1.7	33.0	60.4	3.6	0.8
2009	0.6	7.4	35.4	38.1	17.5
2010	0.0	14.4	50.0	29.7	5.1

Table 79. Self-assessment of financial condition of local governments, %*.

Local Government Budget Revenue

The volume of total consolidated budget revenue of local governments in 2010 was 1316.88 million lats. Gross revenue of local government principal budget was 1368.98 million lats**, net revenue of principal budget – 1291.85 million lats that is more than in 2009. The difference between gross and net revenue in 2010 was considerably lower than in 2009 because the payments between the local governments decreased significantly due to their unification and liquidation (reorganisation) of district local governments. Gross revenue of local government special budgets in 2010 were 25.60 million lats, net – 25.02 million lats. Compared to 2009, the great decrease of special budget may be explained by the decision of Riga city local government to renounce special budget and include its resources into the principal budget (see Table 80).

In 2010 49.1 % of the total volume of budgets of all local governments were formed by revenue of local governments of Riga region, 14.5 % – of Latgale region, 13.0 % – of Kurzeme region, 12.3 % – of Zemgale region and 11.0 % – of Vidzeme region (see Fig. 82).

Year	Revenue of principal budget, LVL		Revenue of special budget, LVL		Revenue of local government consolidated budget, LVL**
	Gross	Net	Gross	Net	
2009	1 506 065 499	1 262 047 554	81 733 166	69 467 581	1 334 294 770
2010	1 368 978 591	1 291 854 543	25 601 492	25 023 352	1 316 877 895

Table 80. Revenue of local government principal budget, special budget and consolidated budget in 2009 and 2010***.

Distribution of special budget revenue by regions was comparatively more levelled, but it may be explained by the fact that the local government of Riga city did not have special budget any more (see Fig. 83).

Indicators of local government budget revenue in all 118 local governments in 2010 are provided in Annex 3 to this report.

Review of local government budget revenue shows that in 2010 the greatest principal budget revenue, by volume, among all local governments were in Riga city (434.31 million lats), among the novads – in Ogre novads

* Since 2005 the CSB is performing the local government self-assessment survey in which all local governments participate.

** The gross amount includes local government transfers and revenue from local government levelling fund where the greatest part of payments is made by local governments.

* Data source: Data of the CSB local government self-assessment surveys. The surveys were performed in January 2007, February 2008, February 2009 and February 2010.

** Without donations and gifts.

*** Data sources: for 2009 – Annual report on execution of the consolidated total budget of the state. For 2010 – the official monthly report (January–December 2010) on net execution of the consolidated total budget of the state (including donations and gifts). Calculations made based on data of the reports.

(32.08 million lats) while the smallest they were in Alsunga novads (0.99 million lats) which is the second smallest novads as per number of population. The volume of special budgets in 2010 was in the range from 767 thousand lats (Stopini novads) to 29 thousand lats (Alsunga novads).

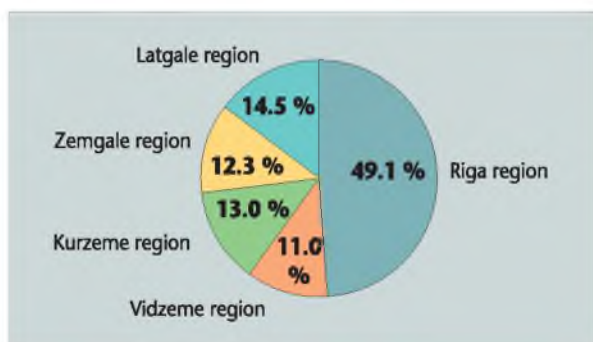


Figure 82. Total local government principal budget revenue in 2010 by planning regions*.

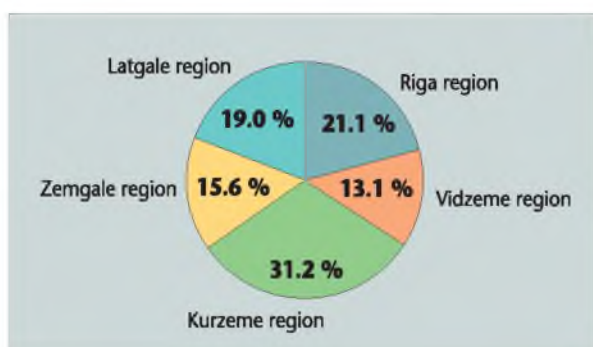


Figure 83. Total local government special budget revenue in 2010 by planning regions*.

In local government budget reports, according to the budget revenue classification the principal groups of revenue are tax revenue, non-tax revenue, payments received, paid services and other own income, foreign financial assistance and transfers (state budget and local government transfers). Table 81 reflects the 2009 and 2010 local government principal budget revenue division by principal report groups (without consolidation).

The greatest volume of local government principal budget revenue was formed in 2010 by tax revenue – 53.3 %, the second largest group of revenue was transfers – 38.1 %. Paid services and other own income formed 6.3 %, non-tax revenue – 2.3 % of all principal budget revenue, while the group of foreign financial assistance had a comparatively small proportion – it did not exceed one tenth of a percent.

The level of financial autonomy, stability and acting capacity of each local government is characterised by tax revenue forming the largest part of the total volume of local government principal budget. All taxes in Latvia are state taxes* and none of the taxes has been defined as local government tax. Deductions from personal income tax, real estate tax, lottery and gambling tax and natural resource tax are transferred into the budgets of local governments.

In 2010 the volume of tax revenue in the local government principal budget was 729.22 million lats, i.e. by 7.6 % more than in 2009 (677.64 million lats).

Personal income tax revenue is, as to volume, the largest of tax revenues in the budgets of local governments, and in 2010 they were larger than a year before. In 2009 the personal income tax revenue was 599.61 million lats, but in 2010 it reached 635.59 million lats already. In 2010, compared to the previous year, the share of personal income tax that is transferred into the local government budget was decreased by three percentage points, from 83 % to 80 %, but the personal income tax rate for salary increased from 23 % to 26 %, tax rate for income from economic activity and for royalties – from 15 % to 26 % (tax rate decreased to 25 % in 2011), and since 2010 the income of individuals from capital are also subject to personal income tax.

Real estate tax revenue was also larger in 2010 than a year before. In 2009 real estate tax revenue in the local government budgets was 73.04 million lats, but in 2010 it was 89.68 million lats. Habitation, residential houses and apartments, is also subject to this tax since 2010. It should be noted that the maximum limit for increase of payments of real estate tax for land has been set forth from 2008 to 2011 (inclusively) (25 % of the previous year if the purpose of land usage has not been changed).

Principal budget revenue indicators	2009		2010		Changes compared to 2009, %
	Performance, million LVL	% of revenue of principal budget (gross)	Performance, million LVL	% of revenue of principal budget (gross)	
Tax revenue	677.64	45.0	729.22	53.3	7.6
Non-tax revenue	39.12	2.6	31.04	2.3	-20.7
Paid services and other own income	98.55	6.5	85.80	6.3	-12.9
Foreign financial assistance	0.94	0.1	0.89	0.1	-5.3
Transfers	689.81	45.8	522.03	38.1	-24.3
Total revenue (gross)	1506.07	100.00	1368.98	100.00	-9.1

Table 81. Revenue of local government principal budget in 2009 and 2010**.

* Calculations have been made by using data of the official monthly report (January–December 2010) on execution of the consolidated total budget of the state (including donations and gifts).

* Law “On Taxes and Fees”, adopted on 02.02.1995.

** Data sources: for 2009 – Annual report on execution of the consolidated total budget of the state. For 2010 – the official monthly report (January–December 2010) on execution of the local government principal budget (Table 8). Calculations made based on data of the reports.

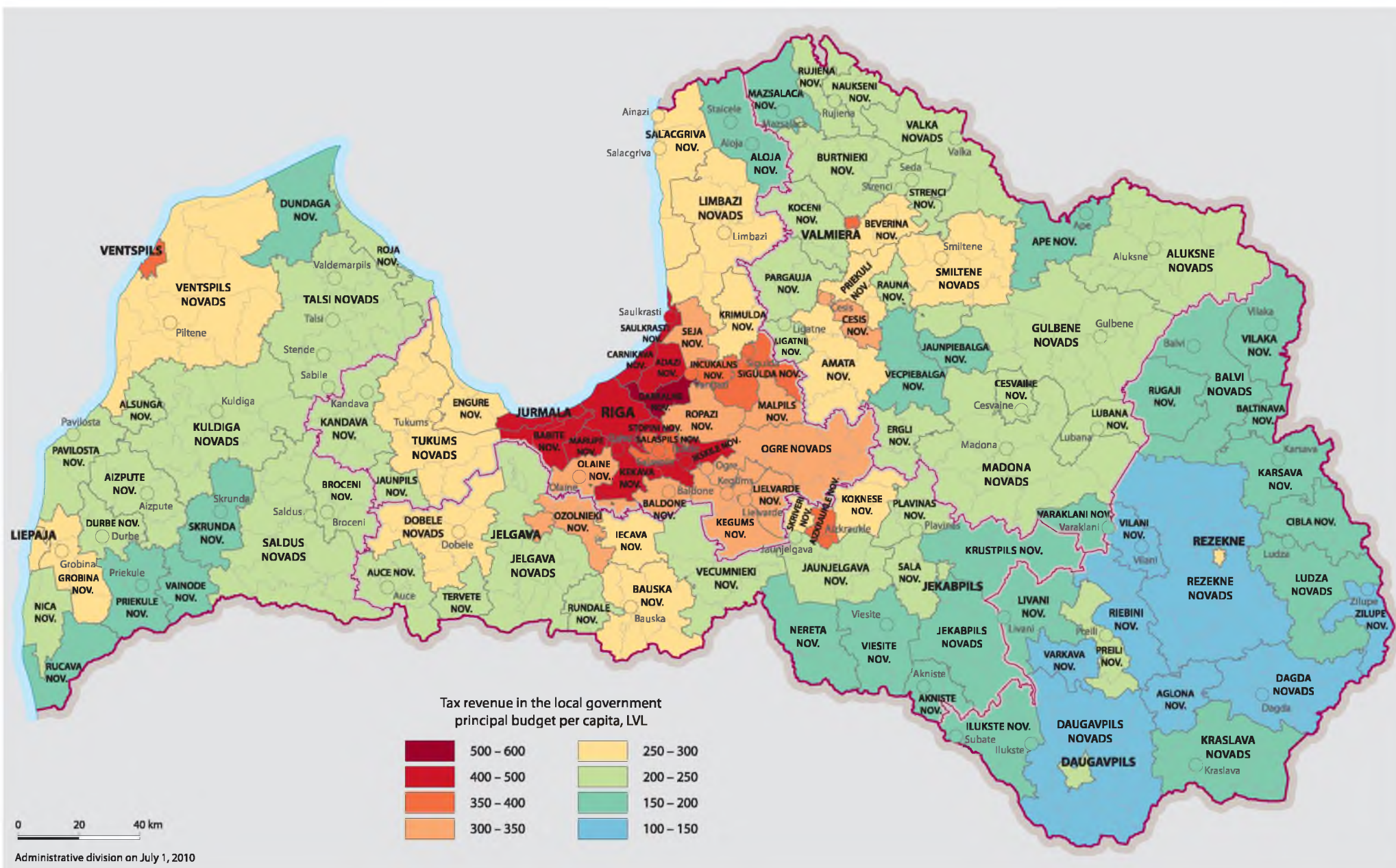


Figure 84. Tax revenue in the local government principal budget per capita in 2010*.

* Calculations made by using the data of State Treasury (local government principal budget revenues) and OCMA (population number).

The volume of revenue from lottery and gambling tax in local government budgets is comparatively small; it formed less than a half of one percent from all tax revenues in 2010 (3.65 million lats). Besides, the revenue from lottery and gambling tax are more characteristic to local governments of big cities and there is a row of novads local governments where there is no revenue from this tax at all.

The volume of revenue from natural resource tax in local government budgets is also comparatively small, it also formed less than a half of one percent from all tax revenues in 2010 (3.39 million lats). Till 2010 natural resource tax was transferred only into the special budget of local governments, but since 2010 the local government of Riga city is transferring it into the principal budget (see Table 82).

Year	Personal income tax	Real estate tax	Lottery and gambling tax	Natural resource tax
2007	701 096 622	74 270 688	7 303 503	2 767 543
2008	830 641 652	70 684 127	7 072 873	3 058 986
2009	599 614 731	73 039 577	4 971 861	2 430 293
2010	635 589 878	89 683 637	3 652 136	3 388 807

Table 82. Total tax revenue in local government budgets in 2007–2010, LVL*.

Because there are significant differences in the level of socioeconomic development of local governments, there is also a great difference in tax revenues of local governments – their proportion in the principal budget of 2010 ranged from 16 % (Baltinava novads) to 86 % (Garkalne novads), but if calculated per capita, tax revenue in the local government principal budget was from LVL 123 (Zilupe novads) to LVL 518 (Garkalne novads). These differences are demonstrated in Figure 84.

Summarizing the local government tax revenues by planning regions it is evident that they are the highest in Riga region, moreover, they are considerably higher than in other regions. In 2010 this indicator in Riga region was LVL 413 per capita, while in Latgale region the tax revenue was expressly lowest – LVL 190 per capita (see Table 83).

Following tax revenues, the second greatest proportion of revenue in local government budgets in 2010 was from transfers – 38.1 % (522.03 million lats), but

compared to 2009 their volume decreased considerably – by 24.3 %. Within the transfers the largest part was formed by transfers from state budgets, including earmarked subsidies (229.39 million lats) and also the funds for implementing the projects of the EU Structural Funds (146.26 million lats). Compared to 2009, the local government budget transfers decreased considerably in 2010 (14.3 million lats) that is explained by merger of local governments and liquidation of district local governments as the result of what mutual accounts of local governments decreased considerably (see Table 84).

Planning region	Principal budget revenue, million LVL	Principal budget revenue per capita, LVL	Tax revenue, million LVL	Tax revenue per capita, LVL	Proportion of tax revenue in principal budget revenue, %
Riga region	672.60	614	452.90	413	67.3
Vidzeme region	151.08	653	57.06	247	37.8
Kurzeme region	178.56	601	79.34	267	44.4
Zemgale region	168.39	606	76.31	275	45.3
Latgale region	198.35	592	63.61	190	32.1
In Latvia	1368.98	612	729.22	326	53.3

Table 83. Volume of local government principal budget by planning regions in 2010*.

Principal budget revenue indicators	2009 Performance, million LVL	% of revenue of principal budget (gross)	2010 Performance, million LVL	% of revenue of principal budget (gross)	Changes compared to 2009, %
LGFEF	75.32	5.0	64.77	4.7	-14.0
Transfers from state budget	449.68	29.9	442.96	32.3	-1.5
incl. earmarked subsidies	334.07	22.2	229.39	16.7	-31.3
for implementing the EU Structural Fund projects	98.81	6.6	146.26	10.7	48.0
Local government budget transfers	164.81	10.9	14.30	1.0	-91.3
Total transfers	689.81	45.8	522.03	38.1	-24.3

Table 84. Transfers in the local government principal budget revenues in 2009 and 2010**.

* Data sources: Annual reports on execution of the consolidated total budget of the state – reports on execution of local government principal budget and execution of special budget of local governments. For 2010 – the official monthly report (January–December 2010) on execution of local government principal budget and execution of special budget of local governments.

* Calculations made by using the data from the official monthly report (January – December 2010) on execution of local government principal budget.

** Data sources: for 2009 – Annual report on execution of the consolidated total budget of the state. For 2010 – the official monthly report (January–December 2010) on execution of the local government principal budget (Table 8). Calculations made based on data of the reports.

Local Government Budget Expenses

In 2010 the volume of expenses of consolidated total budget of local governments was 1264.39 million lats. Gross expenses of local government principal budget were 1314.34 million lats, net expenses – 1238.78 million lats, gross expenses of local government special budget were 26.09 million lats, net expenses – 25.61 million lats. Unlike the previous years the expenses of local governments in 2010 were smaller than annual income (see Table 85).

Analysis of expenses of local government principal budget according to economical classification show that in 2010 79.5 % were maintenance expenses, including the expenses for remuneration which formed (net) 39.6 % of the expenses of principal budget (520.1 million lats). Compared

Year	Principal budget expenses, LVL		Special budget expenses, LVL		Expenses of local governm. consolidated budget, LVL*
	Gross	Net	Gross	Net	
2009	1 523 695 331	1 294 834 812	121 157 356	97 737 593	1 394 915 285
2010	1 314 339 962	1 238 777 089	26 092 737	25 614 222	1 264 391 311

Table 85. Expenses of principal budget, special budget and consolidated budget of local governments in 2009 and 2010**.

to 2009, the expenses for remuneration decreased in the principal budget in 2010 by one fifth. 20.3 % of expenses of principal budget in 2010 were capital expenses – compared to the previous year the volume of capital expenses and their proportion increased due to increase in transfers intended for implementing the projects financed by the EU Structural Funds. The proportion of capital expenses in principal budgets of individual local governments in 2010 ranged from 1 % (Saulkrasti novads) to 51 % (Jaunpiebalga novads, see Tables 86 and 87).

Economical category	Expenses, million LVL	Expenses per capita, LVL	Proportion in expenses, %
Maintenance expenses	1292.4	573	84.8
incl. remuneration	653.7	290	42.9
Capital expenses	231.1	103	15.2
Total expenses (gross)	1523.7	676	100.0

Table 86. Expenses of local government principal budget according to economical classification in 2009***.

The indicators of local government budget expenses according to economical classification for all 118 local governments in 2010 are provided in Annex 4 to the report.

* Without donations and gifts.

** Data sources: for 2009 – Annual report on execution of the consolidated total budget of the state. For 2010 – the official monthly report (January–December 2010) on net execution of the consolidated total budget of the state (including donations and gifts). Calculations made based on data of the reports.

*** Data source: Annual report on execution of the consolidated total budget of the state – report on execution of the local government principal budget.

Economical category	Expenses, million LVL	Expenses per capita, LVL	Proportion in expenses, %	Changes compared to 2009, %
Maintenance expenses	1044.3	467	79.5	-19.2
incl. remuneration	520.1	233	39.6	-20.4
Capital expenses	266.3	119	20.3	15.2
Total expenses (gross)	1314.3	588	100.0	-13.7

Table 87. Expenses of local government principal budget according to economical classification in 2010*.

Summary of local government expenses by planning regions reveals that, as to the volume, the most capital expenses in 2010 were in Riga region (102.44 million lats), but the least – in Zemgale region (35.54 million lats). If calculated per capita, then the most in Vidzeme region – LVL 172, the least exactly in Riga region – LVL 94, and the largest proportion of capital expenses in the local government principal budget was in Vidzeme region (26 %), and the smallest – in Riga region (16 %, see Table 88).

Planning region	Principal budget expenses, million LVL	Principal budget expenses per capita, LVL	Capital expenses, million LVL	Capital expenses per capita, LVL	Proportion of capital expenses in principal budget expenses, %
Riga region	639.39	584	102.44	94	16.0
Vidzeme region	153.17	662	39.76	172	26.0
Kurzeme region	171.60	577	41.43	139	24.1
Zemgale region	160.55	578	35.54	128	22.1
Latgale region	189.64	566	47.08	141	24.8
In Latvia	1314.34	588	266.25	119	20.3

Table 88. Expenses of local government principal budget according to economical classification in 2010 by planning regions**.

Expenses of local government principal budget according to functional categories indicate what kind of expenses local governments have in various sectors and industries. It should be considered that these expenses include not only the ones for their own needs, but also the payments of local governments into the local government financial equalisation fund (LGFEF). Therefore, the functional category "General governmental services"

* Data source: Calculations made based on data of the official monthly report (January–December 2010) on execution of the consolidated total budget – report on execution of local government principal budget (Table 8).

** Calculations are made based on data of the official monthly report (January–December 2010) on execution of local government principal budget.

(01) includes both payments of local governments to LGFEF and payments of interest that may be related to performance of some other function (not administration) (see Tables 89 and 90).

Code	Functional category	Expenses, million LVL	Expenses per capita, LVL	Proportion in expenses, %
01	General governmental services	280.7	125	18.4
02	Defence	0.09	0.04	0.0
03	Public order and safety	23.8	11	1.6
04	Economic activity	149.7	66	9.8
05	Environmental protection	21.3	9	1.4
06	Local government territory and habitat management	115.2	51	7.6
07	Health	19.1	9	1.3
08	Recreation, culture and religion	104.8	46	6.9
09	Education	687.1	305	45.1
10	Social protection	121.7	54	8.0
Total expenses (gross)		1523.7	676	100.0

Table 89. Expenses of local government principal budget according to functional categories in 2009*.

Code	Functional category	Expenses, million LVL	Expenses per capita, LVL	Proportion in expenses, %	Changes compared to 2009, %
01	General governmental services	176.4	79	13.4	-37.2
02	Defence	0.005	0.003	0.0	-93.2
03	Public order and safety	20.1	9	1.5	-15.5
04	Economic activity	181.9	81	13.8	21.5
05	Environmental protection	17.7	8	1.3	-16.9
06	Local government territory and habitat management	143.9	64	10.9	24.9
07	Health	3.9	2	0.3	-79.4
08	Recreation, culture and religion	96.5	43	7.3	-7.9
09	Education	539.3	241	41.0	-21.5
10	Social protection	134.5	60	10.2	10.5
Total expenses (gross)		1314.3	587	100.0	-13.7

Table 90. Expenses of local government principal budget according to functional categories in 2010**.

As to the volume, the greatest expenses of local governments traditionally are for education (41.0 % in 2010). Such expenses include not only management and operational costs of educational institution buildings, but also the salaries of teachers which are financed from the state budget earmarked subsidy. The second largest category of local government expenses in 2010 was economic activity – 13.8 %, followed by expenses

for general governmental services – 13.4 %. Compared to the previous year the expenses for general governmental services decreased significantly in 2010. This may be explained both by decrease of mutual accounts and decrease of the LGFEF volume. 10.9 % of expenses were devoted to local government territory and habitat management, 10.2 % to social protection, 7.3 % to culture and recreation, 1.5 % to public order and safety, 1.3 % to environmental protection.

Mutual comparison of local government principal budget expenses in 2009 and 2010 indicates that in the majority of functional categories the expenses decreased in 2010. Increase is evident in three categories: economic activity, where the expenses increased by 21.5 % (this category includes, for example, expenses for public transport and heat supply); local government territory and habitat management – by 24.9 % (includes expenses for water supply, territory maintenance, refurbishment, expenses of local government related to habitat fund, etc.) and social protection – by 10.5 %. The need of residents for social protection increased due to the economic crisis and more attention is paid to these expenses in this report (see the Sub-chapter “Expenses for social assistance”).

The indicators of local government budget expenses according to functional classification for all 118 local governments in 2010 are provided in Annex 5 by indicating both absolute expenses and calculating the expenses per capita. Thus, for example, administrative expenses of local governments (category “General governmental services”, excluding payments to LGFEF and payments of interest) per capita ranged from LVL 16 (Marupe novads) to LVL 120 (Varaklani novads), expenses for education ranged from LVL 134 (Riebiņi novads) to LVL 694 (Baltinava novads), expenses for culture and recreation – from LVL 17 (Rucava novads) to LVL 153 (Beverina novads).

Results of local government self-assessment indicate that more than three quarters of local governments do not have sufficient funds for implementing their functions (see Table 91).

Year	Yes	No
2007	19.3	79.7
2008	25.0	73.5
2009	22.3	77.5

Table 91. Answers to the question of local government self-assessment “Does the local government have sufficient funds for performance of all autonomous functions?”, %*.

* Data source: Annual report on execution of the consolidated total budget of the state – report on execution of local government principal budget.

** Data source: Calculations made based on data of the official monthly report (January–December 2010) on execution of the consolidated total budget – report on execution of local government principal budget (Table 8).

* Data source: Data of the CSB local government self-assessment surveys. The surveys were performed in January 2007, February 2008, February 2009 and February 2010.

Local Government Financial Equalisation

One of the most important regional development tools aimed at minimising the adverse differences between local governments is the system of local government financial equalisation.

Levelling of local government finances, considering both different tax revenues assessed by local governments and different needs determined by demographic structure, is implemented via local government financial equalisation fund (LGFEF). The funds are composed of payments by local governments and state budget subsidy. Though the volume of LGFEF forms approximately 5 % of all local government principal budget revenue and the main payers are the local governments themselves, for a lot of local governments this is one of the most important sources of revenue.

Then volume of local government financial equalisation fund was increasing till 2008 and reached its maximum of 93.9 million lats then. In 2009 and 2010 the volume of LGFEF decreased: in 2009 it was 77.5 million lats (with the remainder transferred in January 2010), in 2010 it was 64.9 million lats (with the remainder transferred in January 2011). For 2011 the volume of LGFEF is planned in the amount of 66.8 million lats (see Fig. 85).

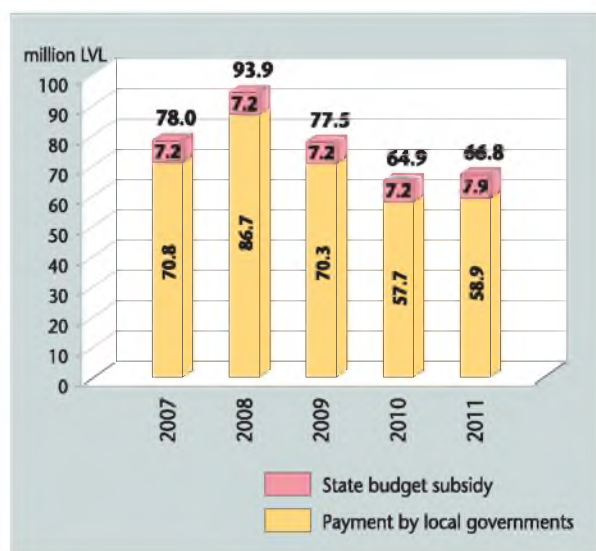


Figure 85. Dynamics of the local government financial equalisation fund revenue in 2007–2011 (actual revenue in 2007–2010; planned revenue for 2011)*.

Though the old local government financial equalisation system has been kept after the administrative-territorial reform, changes in it were made in 2010 as the result of reform (liquidation of district local governments, decrease in number of republican cities). According to the amendments to the law "On Local Government Financial equalisation" adopted by the Saeima on 22.10.2009 the system:

- has maintained two groups of local governments: republican city local government group and *novads*

local government group. The distribution of financial needs between the groups has been changed by setting forth that the share of the republican city group in the total need of local government finance is 47 %, but the share of *novads* group is 53 % (such changes are related to the fact that Jekabpils and Valmiera have joined the group of republican cities);

- all local governments use only four demographic criteria to define the financial needs, two partially subjective criteria have been excluded (number of children in orphanages placed there till 1998 and number of inhabitants of nursing homes placed there till 1998);
- the proportion of criteria used for calculations have been defined based on the date of local government budgets for 2007 (previously they were based on calculations based on budget data for 1995). Equal proportions of criteria are set forth for both groups of local governments;
- the same unlevelled bottom limit is set forth for all local governments (95 % of the financial needs) according to which the volume of required LGFEF grant is calculated for each local government.

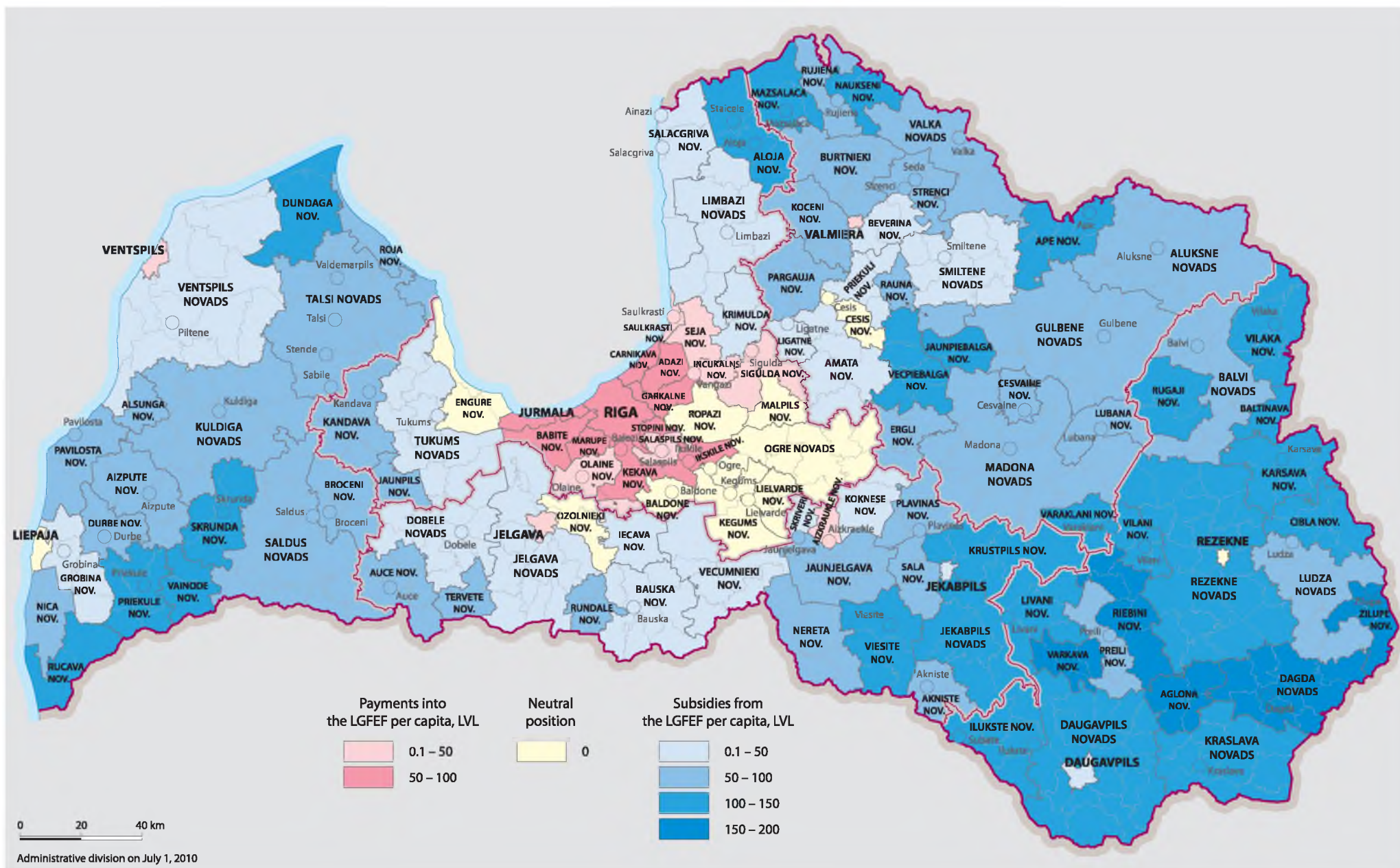
In 2010 the local government financial equalisation calculations have been included into the 22.12.2010 Regulations of the CM No. 1571 "Regulations on Revenues of the Local Government Financial equalisation Fund and the Procedure of Their Distribution in 2010" adopted based on the law. According to the Regulations the subsidy from the state budget to the financial equalisation fund was 7.1529 million lats; payments of local governments into the fund were 60.081 million lats. In 2010, like in 2009, the actual volume of LGFEF was smaller than the one set forth by the Regulations of the Cabinet of Ministers.

The actual volume of LGFEF in 2010 was 64.88 million lats, where the payments of local governments were 57.73 million lats. Payments into the fund were made by 19 local governments, including five republican cities. 10 local governments were on a neutral position, but the rest 89 local governments received subsidies from the fund. Financial levelling indicators in all local governments in 2010 are reflected in Figure 86 and Annex 6.

The main donor to LGFEF is the local government of Riga city; in 2010 its payments into the fund were 44.13 million lats, i.e. LVL 63 per capita of Riga. Among *novads* the largest payment was made by Kekava *novads* – 1.23 million lats (LVL 56 per capita). While, if calculated per capita, the largest payment was made by Babite *novads* – LVL 69 per capita. The greatest volume of subsidy from the fund was received by Rezekne *novads* – 4.45 million lats (LVL 142 per capita), but, if calculated per capita, the largest subsidies went to Riebiņi *novads* and Varkava *novads* – LVL 170 each.

Summary of financial equalisation data by planning regions indicates that in the aggregate (adding the payments and subsidies) Riga region is making more payment into the fund than it is receiving from it, while the other four regions receive more subsidies from the fund

* Data source: State Treasury.



85 Figure 86. Payments of local governments into the local government finance levelling fund per capita, subsidy from the fund per capita or neutral position of local governments in 2010*.

* Calculations made based on the data of State Treasury (LGFEF) and OCMA (population number).

than pay into it. None of local governments of Latgale region is making payments to the LGFEF. It should be noted that close relation between the aggregate subsidy received by planning region and the territory development level index is evident – the lower the value of index, the higher the subsidy received (see Table 92).

Planning region	Total amount of payments made, million LVL	Total amount of subsidies received, million LVL	Payment/subsidy balance, million LVL*	Payment/subsidy balance per capita, LVL*	Territory development level index of the region according to data of 2009
Riga region	54.594	3.996	-50.598	-46.2	0.786
Vidzeme region	0.601	13.252	12.651	54.7	-0.724
Kurzeme region	1.396	11.744	10.348	34.8	-0.577
Zemgale region	1.142	8.280	7.139	25.7	-0.454
Latgale region	-	27.033	27.033	80.7	-0.838

Table 92. Payments into the local government financial equalisation fund and subsidies from the fund in 2010 divided by planning regions*.

Amendments to the law "On Local Government Financial equalisation" regulate not only the operation of LGFEF, but also special state subsidy to local governments for children in orphanages placed there till 1998 and for inhabitants of elderly nursing homes placed there till 1998. These indicators used to be included in the local government financed levelling indicators earlier.

The volume of this subsidy from the state budget in 2010 was 2.57 million lats (1.09 million lats for children and 1.48 million lats for inhabitants of nursing homes). Besides, within the financial levelling in 2010 an additional subsidy was paid from the state budget to the local government which had the lowest levelled revenue after levelling – to local government of Daugavpils city. Daugavpils received the additional subsidy in the amount of 135 thousand lats. So, the total amount transferred from the state budget to local governments in 2010 to fulfil the requirements of local government financial equalisation law was 9.86 million lats.

In 2011 the local government financial equalisation calculations have been included into the 21.12.2010 Regulations of the CM No. 1180 "Regulations on Revenues of the Local Government Financial equalisation Fund and the Procedure of Their Distribution in 2011". According to those the revenue of the local government financial equalisation fund is planned for 2011 in the amount of 66.76 million lats, which is formed by the subsidy from the state budget, 7.86 million lats, and payments of local governments, 58.91 million lats. 18 local governments are making payments into the LGFEF in 2011, including five republican cities.

Improving the local government financial equalisation system has been on the agenda for some time already. The changes made are only a temporary solution. In 2011 MEPRD, as successor of MRDLG, should agree with the other stakeholders – local governments, Ministry of Finance, experts – and draft the improved local government financial equalisation system.

Expenses for Social Assistance

Analysis of local government budget expenses by functional categories shows that one of the few categories where the expenses in 2010, compared to the previous year, have increased is social protection. In 2009 the total expenses of all local governments for this function were 121.7 million lats, in 2010 they increased by 10.5 % and reached 134.5 million lats.

The data of local government self-assessment survey performed in 2010 indicate that provision of social assistance is assessed as the most important issue that needs to be solved first**.

During the economic recession the need of residents for social services and social assistance by means of benefits had increased. Classification of local government

expenses according to economic classification show that in 2010 the expenses for social benefits from the budgets of local governments totalled to 83.75 million lats (52.97 million lats in 2009), or LVL 37.4 per capita of the country in average. It should be noted that the increase of local government expenses for social benefits is explained not only by increase of needs, but also by greater support of the state and the EU funds (see Table 93).

Planning region	Expenses for social benefits, million LVL	Expenses for social benefits per capita, LVL	Proportion of expenses for social benefits in expenses of principal budget, %
Riga region	34.55	31.5	5.4
Vidzeme region	8.68	37.5	5.7
Kurzeme region	11.94	40.2	7.0
Zemgale region	10.99	39.6	6.8
Latgale region	17.59	52.5	9.3
In Latvia	83.75	37.4	6.4

Table 93. Expenses of local governments for social benefits in 2010 by planning regions*.

* Data source: State Treasury.

** Five tasks indicated most often under the question "Note five tasks to deal with in the first place" are solving the issues of social assistance (88 times), arranging the infrastructure (75), organisation of utility services (70), solving the education issues (60) and construction and repair of roads and streets (58). Source: Self-assessments of local governments of Latvia. 2005–2010, CSB, 2010, pages 59, 60.

* Data source: State Treasury.

Annex 7 to this report includes expenses of principal budgets of all local governments for social protection (according to functional classification) and for social benefits (according to economical classification) in 2010. Not all social benefits are included by local governments in the functional category of budget expenses "Social protection", they are included in education, habitat management or healthcare sections, too. Inconsistency with respect to classification of expenses is evident in this issue, therefore the situation that for some local governments the expenses for social benefits exceed the expenses for social protection.

Comparison of average expenses for social protection (functional category) of local governments per capita shows that in 2010 they were in a range from LVL 14 (Dundaga novads) to LVL 189 (Engure novads). It should be considered that investment is included here.

While comparison of social benefits evidences that the expenses of local governments in 2010 for those were in a range from LVL 9 per capita (Durbe novads) to LVL 83 per capita (Vilani novads). The proportion of social benefits in the expenses of local government principal budgets varied from 1.9 % (Carnikava novads) to 21.1 % (Vilani novads). Summary of expenses of local governments for social benefits by planning regions evidences that they were the largest by volume in Riga region, as the number of population is the largest there, too. But if calculated per capita, the largest expenses for social benefits were in Latgale region where the territory development level index is the lowest. The highest proportion of expenses for social benefits in principal budget expenses of local governments was also in Latgale region (see Fig. 87).

According to legal acts provision of two social benefits is mandatory to local governments – guaranteed minimum income (GMI) benefit and residential benefit. The other benefits are determined by local governments themselves. Within the Social Security Network Strategy, which is being implemented since October 2009, local governments receive state support, including partial compensation for payments of these two mandatory benefits. The state compensates to the local governments 50 % of the funds used by local government for the GMI benefit and 20 % of the funds used for residential benefit. Till the end of 2010 the institution responsible for supervision and control of implementation of the strategy was the Ministry of Regional Development and Local Government, but since January 1, 2011 MRDLG functions, management tasks, rights and responsibilities in the field of supervision and control over implementation of Social Security Network Strategy were taken over by the Ministry of Welfare.

According to the Information Report on implementation of the Strategy the expenses of state budget in 2010 for local governments to co-finance the two mandatory benefits were 11.78 million lats – 8.74 million lats for co-financing the GMI benefit and 3.04 million lats for co-financing the residential benefit. In 2009 the expenses of the state for co-financing both these

benefits were 1.05 million lats (0.74 million lats for the GMI benefit, 0.31 million lats for the residential benefit). The significant increase of expenses in 2010 was related to increase of number of poor persons, widening the scope of benefit recipients and also to increase of the GMI benefit amount. Thus, in 2010 the number of GMI benefit recipients increased from 28.8 thousand persons in January to 69.0 thousand persons in December. The average amount of the GMI benefit for one person in 2010 fluctuated in a range from LVL 26.41 to LVL 27.71 per month. The number of residential benefit recipients was in a range from 31.8 thousand persons in January to 63.4 thousand persons in March, while the amount of this benefit fluctuated in a range from LVL 24.78 to LVL 38.13 per month.

Within the Social Security Network Strategy the European Social Fund (ESF) finances to the budgets of local governments also the so called *one hundred lats* unemployment grants for practical work on site by implementing the project "Provision for work practicing activities in local governments for acquiring and maintaining working skills". Within this project the registered unemployed persons who are not receiving unemployment benefit can get involved in publically useful low-qualified full time works in local governments (newly established places of work practice) by receiving a grant for practicing work in the amount of LVL 100 per month. 27.24 million lats were used for this purpose in 2010 (8.05 million lats in 2009)*. A total of 34 679 work practicing places were newly established within the activity in 2010, but the demand for such places is higher than the possibilities to provide those.

The data on expenses of local governments for work practicing activities (financing by the ESF) as well as the data on the total amount of unemployment grants included in those in each local government are included in Annex 7 next to the social expenses of local governments. In the group of republican cities the total amount of unemployment grants in 2010 ranged from 206 thousand lats (Valmiera) to 1.74 million lats (Riga), while in the group of *novads* Babite novads did not have any expense for this activity at all, but in Rezekne novads the expenses reached 950 thousand lats.

Compared to the previous reports, this report provides wider information about expenses of local governments of social nature, and in addition to that the data on various expenses of the state in the social field, the State Social Insurance Agency (SSIA) data on unemployment benefits and average state pensions in 2010 in all local governments, are included in Annex 8.

Analysis of data on unemployment benefits indicates that their average volume in 2010 ranged from LVL 71 (Baltinava novads) to LVL 203 (Garkalne novads), while the unemployment benefit paid per capita ranged from LVL 17 (Baltinava novads, Rugaji novads) to LVL 79 (Malpils novads).

* Information Report on implementation of the Strategy in 2010, Annex 3.

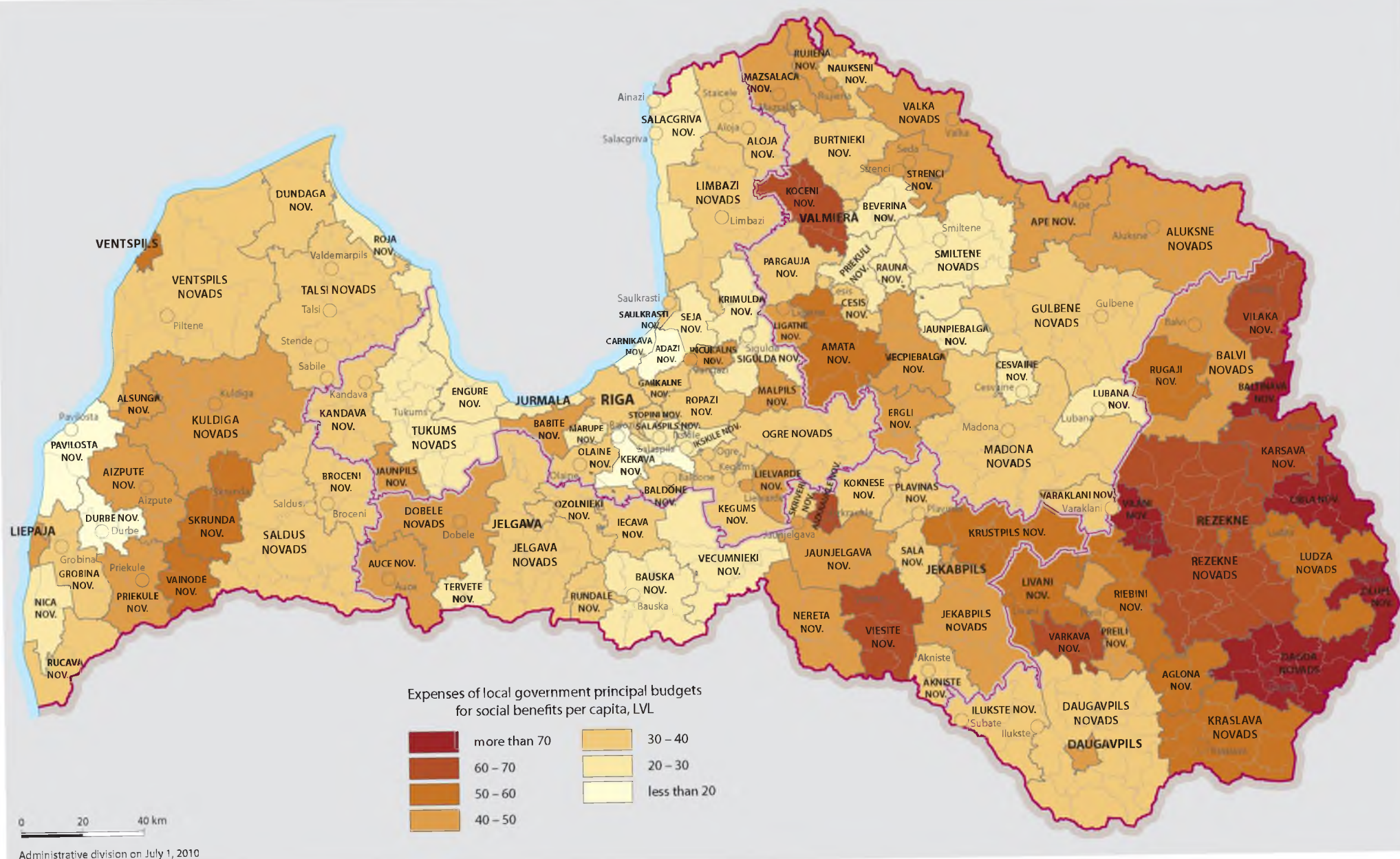


Figure 87. Expenses of local government principal budgets for social benefits per capita in 2010*.

* Calculations made by using the data of State Treasury (expenses of local government principal budgets) and OCMA (population number).

Summary of paid unemployment benefits by planning regions indicates that the largest volume of unemployment benefits was paid in 2010 in the region with expressly largest number of population, in Riga region (42.18 million lats or 54.7 % of the total volume of all unemployment benefits). Calculations of the average paid unemployment benefit per capita indicate that the difference between the lowest and the highest indicator among the regions reached 35.7 %. The highest indicator was in Riga region, LVL 38 per capita, but the lowest was in Latgale region, reaching only LVL 28 per capita (see Table 94).

The data on the average amount of old-age pensions and the average amount of all pensions in local governments show that in 2010 the highest average pension (including all pensions) in the country was paid in Garkalne novads (LVL 206), but the lowest in Rugaji novads (LVL 145), while in the group of republican cities the highest was in Ventspils (LVL 193, the second highest

among all local governments), and the lowest was in Daugavpils (LVL 165). The average old-age pension in local governments in 2010 was in a range from LVL 156 in Cibla novads to LVL 214 in Garkalne novads, but in the group of republican cities – from LVL 175 in Daugavpils to LVL 207 in Ventspils.

Planning region	Expenses for unemployment benefits, million LVL	Expenses for unemployment benefits per capita, LVL
Riga region	42.18	38
Vidzeme region	7.05	30
Kurzeme region	9.36	32
Zemgale region	9.18	33
Latgale region	9.33	28
In Latvia	77.10	34

Table 94. State budget expenses for unemployment benefits in 2010 by planning regions*.

* Data source: SSIA.

VI DEVELOPMENT OF ELECTRONIC GOVERNANCE

Public Services

Introduction of new information technologies, result-orientation, public and private partnership, communication development, involvement of population in taking governmental decisions and increasing the governance transparency (publicity) is important in modern administration oriented to the service user, the resident.

Economic recession that started in 2008 brought forward the issue of changing the operation of public (state and local government) administration by optimising it and decreasing the expenses.

For the sake of implementing the Information Society Development Guidelines for 2006–2013* in 2010 MRDLG worked out the Electronic Governance Development Plan for 2011–2013**. The purpose of the plan is to provide convenient and simple access to public services to the population by effecting electronic data exchange between state government and local government institutions, thus increasing the effectiveness of state administration and reducing its costs at the same time. Four directions of activity have been defined according to the plan:

- decreasing the administrative burden and increasing the effectiveness of state administration organisational procedures;
- developing electronic services meeting the needs of population and businesses;
- developing state information systems and information and communication technology infrastructure, facilitating internet accessibility;
- promoting innovations and public involvement in state administration procedures.

In 2010 the management of MRDLG continued to work on the “Concept of introduction of one stop agency principle in availability of state and local government services” which is largely based on widening and further improvement of e-governance.

While according to the concept “Introduction of one stop agency principle according to the requirements of the European Parliament and Council Directive 2006/123/EC on December 12, 2006 on services in the internal market” drafted by the Ministry of Economics, which was approved by the Cabinet of Ministers on May 28, 2009 with the ordinance No. 342 and whereby the Ministry of Regional Development and Local Government was appointed as the institution responsible for development and provision for the technological solution of the concept, the range of public services that may be required for various service providers from any country of the European Union if they would want to operate in Latvia, and that are included in the portal www.latvija.lv, is being continuously expanded and updated.

The role of local governments in providing services to the population is invaluable as the local governments are the ones having the closest relation to the residents. To make their services more convenient to customers, several local governments, like, for example, Riga, Jekabpils, Jelgava, Liepaja, Ventspils, Dobeles novads, Salaspils novads, Ilukstes novads, etc. have introduced the one stop agency principles in serving residents, businesses, organisations and guests.

Electronic Services

An e-service is a service the type of requesting or providing of which ensures its remote availability, with the assistance of information and communication technologies (ICT)***. The following types of e-services may be distinguished:

- information services – e-services allowing for the customer to receive information online;

- transaction services – e-services the result of which is equal to the result of service in person, i.e. the customer requests the service electronically, but the result of such service (notice, copy of resolution, etc.) is available after a period of time (according to conditions of the particular institution and service provision). For example, the customer requests any notice via internet by receiving the information afterwards that the institution has received the request. The customer does not have to visit the respective institution, wait in a queue, besides he/she may use the service at any convenient time. When the notice is prepared the customer is informed about it. There are several options for receipt; there

* The guidelines approved by 19.07.2006 ordinance of the CM No. 542 “On Information Society Development Guidelines for 2006–2013”.

** Development plan approved by 25.05.2011 ordinance of the CM No. 218 “On the Electronic Governance Development Plan for 2011–2013”.

*** www.vraa.gov.lv/lv/epakalpojumi/teorija/

are services which provide for receipt of the notice in person (at the location and during working hours of the institution), by mail, by registered mail and by e-mail, signed with a safe electronic signature.

The following elektronisation levels for e-services may exist:

- Level 1 – information about the service is available on the publically available website of the service holder in electronic form;
- Level 2 – there are the forms required for requesting or receiving the service available to the service recipient on the publically available website in electronic form;
- Level 3 – the possibility is provided to the service recipient to request the service electronically by filing the data required for receipt of the service electronically in a structured manner or to receive the service electronically;
- Level 4 – request and delivery of service is effected electronically;
- Level 5 – provision of service takes place without any request from service recipient, the service provider acquires the data required for service provision without involvement of the service recipient.

The services have different requirements with respect to authentication of the applicant. The following levels of authentication are defined respectively:

- undeclared (anonymous) identity (no need to indicate the name);
- declared identity (the customer indicates the name or e-mail address, telephone number);
- confirmed identity (for example, the identity of the customer is confirmed by the bank based on the agreement);
- qualified confirmed identity (the customer uses the e-signature).

E-services of level 1 are currently widely provided in the country by governmental institutions, the Public

Service Catalogue (PSC), and in compliance with legal acts all local government institutions have made their services available electronically on this level. More and more state and local government services become available on levels 2, 3 and 4 also, while the services of level 5 are still the future.

Use of Internet

According to statistical data internet was regularly (at least once a week) used in 2010 by 62.5 % of residents of Latvia, while in the age group up to 44 years it was more than 75 %*. There are public internet access points and trained staff in all 874 libraries in Latvia that makes internet available to increasing number of users.

Statistical data indicate that in 2010 internet was used daily by more than 90 % of companies**. Thus the major part of residents and practically all companies are able to use the state and local government electronic services and benefits of electronic communication already. Relatively fast increase of number of internet users in the group of 60–74 year old people and among rural residents is a positive tendency as those are one of the most essential groups of society which receive state and local government services***.

Latvia has shown considerable progress in elektronisation of services provided by the public sector during recent years. Principal services which the European Union has defined as ones to be provided by the state and local government institutions electronically are currently available for approximately 90 %, but for the companies – for 100 % ****. This is above the average indicators of the European Union.

However, notwithstanding the high indicators of state and local government service availability, according to data of CSB only 12 % of residents have sent the forms to the institutions electronically. So, the availability of e-options is only the first step, the next would be active provision of information to the population to facilitate use of the developed e-services.

Electronic Governance Solutions Held by SRDA

Electronic Procurement System



Electronic procurement system (EPS) is the first electronic procurement system in the Baltic States developed in 2005. Since June 1, 2009

the maintenance and operation of EPS is provided for by the State Regional Development Agency which has made large investment in improvement and modernisation of the system.

EPS is based on a principle of electronic catalogues which works as an internet store for public sector organisations and where several suppliers offer their standard products. The system provides the

* Data of CSB.

** Data of CSB. Companies with a number of staff from 10 to 49.

*** TNS Latvia National Media Research on internet public of Latvia.

**** *Digitizing Public Services in Europe: Putting ambition into action – 9th Benchmark Measurement, 2010.* – page 182.

following benefits for its users compared to a classical procurement:

- faster procurement procedure – a shorter period from recognising the need to delivery of the product;
- state and local government institutions are relieved from organising the procurement – procurements are performed in a centralised manner by providing for product ordering via the Electronic procurement system;
- the funds of state budget are saved because when several orders are united in centralised procurements, then small procurements get the prices more favourable to the buyer, too;
- procurement procedure transparency, publicity and availability of information is increased – the information about procurements is publically available in the EPS;
- e-procurement provided for in the European Commission directives is implemented in Latvia and positive experience of the EU states is used.

Turnover of the EPS in 2010 reached 7111.2 thousand lats, while in the first half of 2011 it was 5048.3 thousand lats already, or more than 70 % from the volume of 2010. It is forecasted that the total turnover of the EPS in 2011 will reach 13 643.8 thousand lats (see Figure 88).

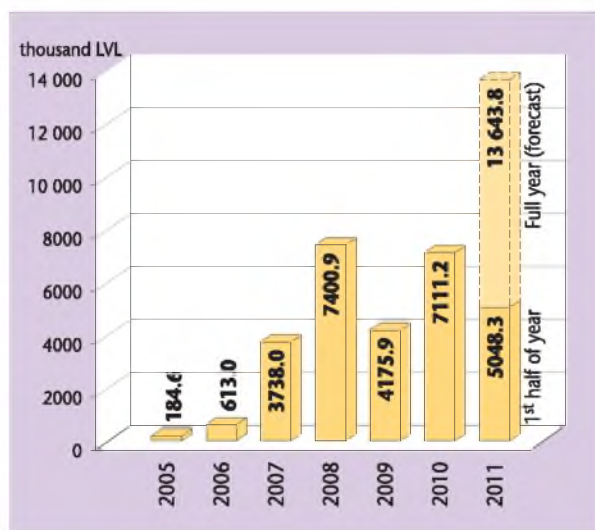


Figure 88. Turnover of the Electronic procurement system in 2005–2011.

Purchase of products via EPS is mandatory for state institutions since February 1, 2011*, local governments are free to choose this option. At the end of the first half of 2011 EPS was actively used by 213 state institutions and 43 local governments, the most active of which were councils of Rezekne novads, Kekava novads, Carnikava novads, Tukums novads and Kandava novads as well as Zemgale planning region.

There were 17 e-catalogues of various products available to buyers in the EPS in the middle of 2011:

- standard software and its support;

- digital copy machines, multipliers, wide-format printing equipment;
- office equipment;
- office paper;
- computer accessories;
- computers;
- eco computers;
- household products;
- printing equipment accessories;
- representation products;
- representation products for recipients of technical assistance;
- medical products;
- anti-infective medicine (registered in the Republic of Latvia);
- anti-infective medicine (not registered in the Republic of Latvia);
- muscle and skeletal system medicine (registered in the Republic of Latvia);
- stationery;
- furniture.

It is planned to open two new product catalogues in the EPS in 2011:

- food products;
- server devices.

State Regional Development Agency offers the Electronic procurement system user, both purchaser and supplier, a support – free training, user manuals and assistance in non-standard situations.

More information about the Electronic procurement system is available on www.vraa.gov.lv and www.EPS.gov.lv, and it is possible to view the groups of products included in each catalogue and their specifications on www.EPS.gov.lv/Publications.

Unified State and Local Government Service Portal www.latvija.lv



The purpose of unified state and local government service portal www.latvija.lv is to provide a single access point to all state and local government public services of Latvia and centralised access to electronic services provided by various institutions. One can quickly and conveniently receive the information here about all services provided by the state, receive e-services and follow the performance of e-services. The most popular e-services are "Filing the declaration on place of residence", "My data in the Population Register" and "My healthcare services paid by the state". The statistics of portal use is high – the average of 450 thousand visits per month!

Project "E-services and their Infrastructure Development"

The aim of the project "E-services and their infrastructure development" is to facilitate accessibility of state services by developing and introducing new e-services, pro-

* 28.12.2010 Regulations of CM No. 1241
"Centralised electronic procurement regulations"

vide for development of infrastructure for common use of e-services and of Latvian state portal www.latvija.lv as single electronic contact point of state administration. A total of 23 e-services will be developed within the project and they are being developed to make performance of everyday formalities required for residents easier by providing for convenient request for information and its receipt in electronic manner. One of the e-services developed is "Single application for studies"* which provides the opportunity for the future student to apply to 10 high schools with one application, change his/her priorities till the end of application period and follow the provisional results.

Project "Development of Public Administration Document Management System Integration Environment"

The aim of the project "Development of public administration document management system integration environment" is to develop a unified environment for circulation of electronic documents of public administration which will ensure safe and automated circulation of electronic documents between the public administration institutions (their record-keeping systems). Initially the project will provide for connection of record-keeping systems to the public administration document management system integration environment to the first 13 institutions, project cooperation partners (State Chancellery, Ministry of Health, *s/a Kultūras informācijas sistēmas*, Riga city local government, Ventspils city local government, Cēsis novads local government, Ilukste novads local government, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Environmental Protection and Regional Development, Information Centre of the Ministry of Interior and the State Regional Development Agency).



The service *e-Konsultācija* will also be provided within the project in cooperation with four partners – State Chancellery, Ministry of Foreign Affairs, State Social Insurance Agency and the Register of Enterprises of the Republic of Latvia. This is an opportunity for the residents to ask questions to the state institution in the portal www.latvija.lv about the services published there and receive the answer as well as to process the questions asked by residents, develop knowledge databases and provide for centralised publication of most frequently asked questions and answers on the portal www.latvija.lv.

Project "Development of a Unified Geospatial Information Portal and GIS Integration"



The aim of the project "Development of a unified geospatial information portal and GIS integration" is to establish

a single access point to information and services of various geospatial data holders (state and local government institutions, companies). Geospatial information services (search, view, download, transformation) and the infrastructure for exchange of geospatial information and development of e-services will be developed as result of the project.

Project "Local Government Territory Development Planning, Infrastructure and Real Estate Management and Supervision Information System – Stage 1"



The aim of the project "Local government territory development planning, infrastructure and real estate management and supervision information system – Stage 1" is to develop the territory development planning information system (TDPIS) which will ensure effective infrastructure and real estate management and territory planning as well as storage of graphic and textual data of territory plans. TDPIS will include all local governments and all information systems containing the information required for real estate management will be integrated into it.

An important component of TDPIS is the Regional development indicator module (RDIM). It will be a tool for regional development monitoring and support for decision-making as well as additional tool for local government territory development tendency evaluation and drafting and supervision of development programmes.

Project "Development of Local Government Function Support System (Stage 1)"



The aim of the project "Development of local government function support system (Stage 1)" is to facilitate the development of e-governance in local governments, ensure electronic circulation of information required by legal acts by gradually reducing circulation of paper document between the state information systems, state institutions and local governments, thus speeding up the circulation of information. Within the project the local government information systems will be integrated with the state information systems and electronic services as well as the Local government function support system (LGFSS) will be developed as the state and local government information system connector (designing it as a sub-system of the State information system connector (SISC) by using the infrastructure existing already). The activity "Adjustment of local government information systems to changes related to calculation of real estate tax" was implemented in 2010.

* www.latvija.lv/studijas

Review of Local Government Websites

Various types of communication are used more and more to ensure quicker and more convenient communication of residents with the state authorities and local governments as well as to improve cost-efficiency of services in the institutions, both in person (meeting the customers in the institution, customer service centres) and remote (enquiry hotlines and e-services). Website of the local government is one of the most common types of obtaining information about the local government services.

State Regional Development Agency, in cooperation with the staff of MEPRD Electronic Government Department Electronic Services Division performed the review of local government websites for a purpose of learning about the level of local government service electronisation. The websites of local governments were analysed in the end of December 2010 and at the beginning of June 2011.

The questionnaire developed for the survey was structured so that the questions included would more clearly reflect the information about services provided by local governments and assess the level of their electronisation. The questionnaire was drafted in compliance with the requirements of 06.03.2007 Regulations of the CM No. 171 "The Procedure how the Institutions Place the Information on the Internet".

There were 15 points included in the questionnaire which were grouped in two large blocks – information about the services and level of service electronisation. Individual questions were targeted at *e-Konsultācijas* and placing of contact information.

The results of the local government websites review of the beginning of June 2011 are reflected in Annex 9 to this report.

Information about the Services

The 06.03.2007 Regulations of the CM No. 171 "The Procedure how the Institutions Place the Information on the Internet" set forth a chapter "Services" should be placed on the first opening of a local government website containing information about the services of local government and required activities. The list of services provided should be placed in this chapter as well. If the local government has placed its information about the services in the unified state and local government service portal www.latvija.lv, then a link to the respective service description on the portal should be provided.

"Services" and/or "e-Services"

At the beginning of June 2011 the chapter "Services" and/or "e-Services" was created on websites of 85 local governments, so, consequently, it was absent in more than one fourth of local government websites. During the period of monitoring, from the end of December 2010 till the beginning of June 2011 the chapter "Services" and/or "e-Services" was created on five local government websites (see Figures 89 and 90).

It should be noted that the information about services on the local government websites might be incomplete because sometimes the chapter "Services" did not open; sometimes it had a remark that the chapter is under construction or is being updated.

List of Local Government Services

Comprehensive and current information about the services provided by local government serves as reliable source of information for residents and makes work easier for the local governments or their institutions by minimising the number of telephone consultations or personal visits.

At the beginning of June 2011 slightly more than a half of local governments (66) had the lists of services on their websites. During the period between both reviews of websites eight local governments added the list of services to them (see Fig. 89 and 91).

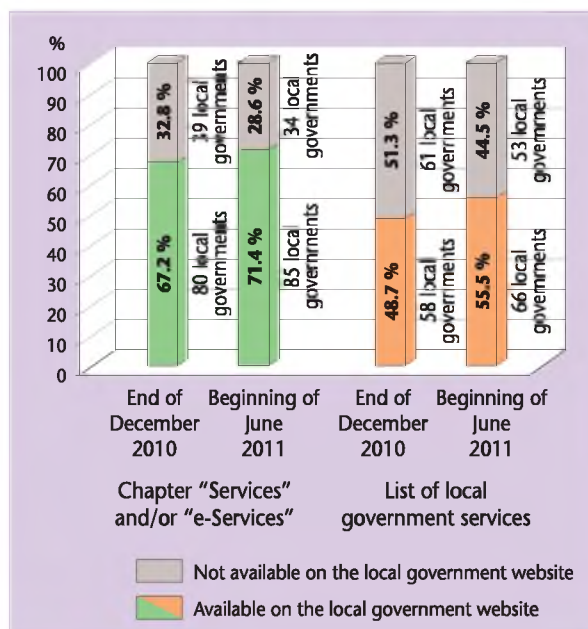


Figure 89. Local governments on the websites of which a chapter "Services" and/or "e-Services" and the list of local government services are available. Number of local governments and their proportion in the end of December 2010 and at the beginning of June 2011.

Service Structuring

Facilitation of resident-oriented administration requires provision of information in the way easy to find and in understandable manner.

Information about services is structured on local government websites according to different parameters, for example, according to structural units, functions, industry, field, customer target groups or according to situation of life. It was united into two large groups in the performed review of local government websites – according to the structure (function) of the institution and the situation of life. The services of, for example, civil registry office, social service, orphan's court or



Figure 90. Local governments on the websites of which the chapter "Services" and/or "e-Services" was available at the beginning of June 2011.



Figure 91. Local governments on the website of which the list of local government services was available at the beginning of June 2011.

construction board are reflected according to the structure (function) of the institution. The services of different structures which are required, for example, for registration of birth or marriage, are arranged according to the situation of life.

At the beginning of June 2011 the information about services provided was structured on websites of 73 local governments. On 33 websites this was done both

according to the structure (function) of the institution and the situation of life, on 10 websites only according to the structure (function) of the institution and on 30 websites only according to the situation of life. Thus, the information about services arranged according to the structure (function) of the institution is available on 43 local government websites and according to the situation of life – on 63 websites.

Service Descriptions on the Local Government Websites

The purpose of service description is to inform the population about the most essential issues one has to know about the service and the procedure of its provision. The better and understandable to service recipient the service description is the less is the number of questions on the service procedure, and the local government is receiving better quality requests for services.

For the sake of ensuring that reliable information about all public services is available to residents and businesses in one place, there is a standardised service description form developed in the Public service catalogue of the unified state and local government e-service portal www.latvija.lv used by state institutions and available for creating service descriptions also to local governments.

If the service description standard form is not available on the portal www.latvija.lv, then the basic information of at least the following volume should be provided on the local government website:

- on consecutive actions (step by step) required to receive the service;
- on the documents required to receive the service, including the link to application form (if any);
- on term for service provision, payment (if any, then a link to the price list should be provided);
- on the manner how it is possible to apply for service electronically (by using e-service or filing the electronically signed form);
- other information interesting to service recipient to the discretion of service provider.

At the beginning of June 2011 the descriptions of services provided were placed on 67 local government websites; respectively they were not available on 52. During the period between both reviews the service descriptions were placed on their websites by 12 local governments.

Service Descriptions in the Public Service Catalogue of the Portal www.latvija.lv

There is a working environment available to local governments in the Public service catalogue on the portal www.latvija.lv to create, amend, update or delete the service descriptions*. The descriptions entered into the Public service catalogue are published on the unified state and local government e-service portal www.latvija.lv as well as they may be exported to any other website, therefore even in cases when the descriptions are placed on other portals, their updating is possible on a single site.

Descriptions of 554 services of 16 local governments were placed on the portal www.latvija.lv at the beginning of June 2011. The largest number of service descriptions is placed by local governments of Riga city, Babite novads and Rezekne novads (see Table 95).

There are also three services of local governments (trade in public places, organisation of trade in public places and organisation of public events) included in the

Local government	Number of service descriptions placed in the Public service catalogue on the portal www.latvija.lv
Riga	265
Daugavpils	39
Aluksne novads	21
Babite novads	94
Daugavpils novads	20
Durbe novads	4
Jekabpils novads	1
Livani novads	1
Mazsalaca novads	3
Ogre novads	26
Preiļi novads	3
Rezekne novads	63
Rundale novads	3
Salaspils novads	2
Strenči novads	8
Valka novads	1
Total	554

Table 95. Number of service descriptions placed in the Public service catalogue on the portal www.latvija.lv at the beginning of June 2011 by local governments.

portal www.latvija.lv to which the requirements of the European Parliament and Council Directive 2006/123/EC "On services in the internal market" apply setting forth that the information about provision of these services should be provided in the same place and it should be possible to apply for and receive these services electronically.

At the beginning of June 2011 the descriptions of services discussed by the Directive were placed in the Public service catalogue, or their websites, by 31 local governments.

Information about the Portal www.latvija.lv

The unified state and local government e-service portal www.latvija.lv is the primary source of information about services of state institutions. Considering that the residents may not have clear knowledge about distribution of competences between the services provided by the local government and state institutions, a link to the portal www.latvija.lv makes it easier for the local government website users to find information about services provided by the state.

Especially advisable and resident convenience-oriented solution is the unification of services in the competence of state and local governments into situations of life. For example, the situation "Looking for a job" would include directions to services of local government as well as the one provided by SEA and SSIA. And the situation of life "Birth of a child" would include the directions to services offered by local government, for example, registration of a child, receipt of child birth benefit, etc.

Overall, at the beginning of June 2011 there was a link to the unified state and local government e-service portal www.latvija.lv in less than a half (51) of local government websites (see Figure 92).

Information about E-iespejas.lv

There are materials placed in the chapter *E-iespejas.lv* of the portal www.latvija.lv that explain in a simple manner how the residents may request and receive the

* More information about the Public service catalogue is available on www.vraa.gov.lv/lv/katalogs

services provided by the state and local government institutions in electronic manner, communicate with the institutions or learn information.

To continue facilitating knowledge of residents about various e-services offered by the state and local government institutions, a link to *E-iespejas.lv* may be placed on the local government website. At the beginning of 2011 a link to the chapter *E-iespejas.lv* of the portal *www.latvija.lv* could be found in 23 local government websites, i.e. in approximately each fifth local government (see Figure 92).

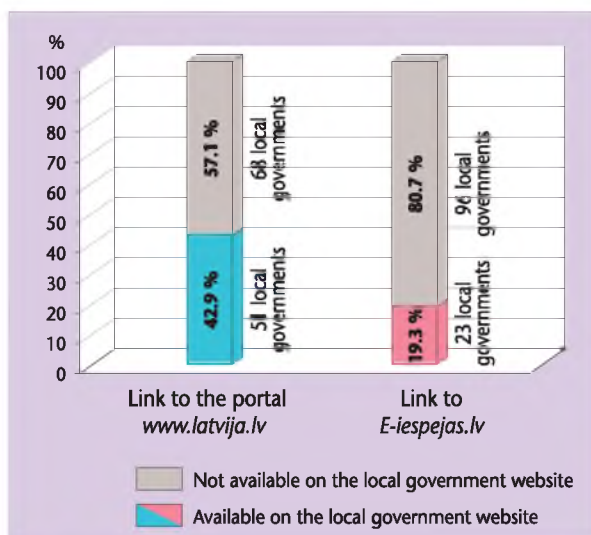


Figure 92. Local governments in the websites of which the link to the portal *www.latvija.lv* and its chapter *E-iespejas.lv* was placed at the beginning of June 2011.

Volume of Information about the Local Government Services

According to the volume of available information about services at the beginning of June 2011 the local government websites may be divided into three groups. The first group includes 60 local government websites containing full information about the available services – the developed chapter “Services” and/or “e-Services” contain both the list of local government services and their descriptions, and the information about the services is structured. The link to the portal *www.latvija.lv* is most often found in these local government websites, in some of them also to the chapter is this portal *E-iespejas.lv*.

The second group includes 29 local government websites where the information about the provided services is available partially.

The third group includes 30 local government websites where none of the above possibilities for obtaining information about the services provided by the local government is available (see Figure 93).

Level of Service Electronisation

Planning of various types of service provision is required to ensure faster and more convenient communication with the state institutions and local governments to the population – both traditionally in person (at the institution, customer service centre) and also remote (e-mail, e-document, e-service, telephone, etc.).



Figure 93. Division of local government websites into groups according to the volume of available information about local government services at the beginning of June 2011.

- the customer is entitled to choose the most convenient and acceptable communication channel;
- unified service provision procedure for all channels (for example, it is not advisable to separate e-services from the general service provision procedure).

The types of providing electronic services to residents and businesses were assessed in the review of websites.

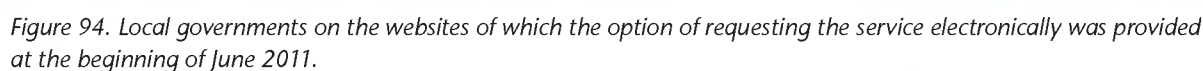
Local governments which have placed full or partial information about the local government services in their websites correspond to the first level of electronisation. Those local governments which provide the residents with an option of downloading the forms required for requesting the service correspond to the second level of electronisation.

At the beginning of June 2011 downloadable service forms were available on 73 local government websites. Within five months between both reviews of websites

Information about the Option of Requesting the Service Electronically

One of the forms to implement this on the website is to include general reference about the electronic communication options in the chapter "Contact information" or "Services" as well as to provide particular information about the possibility to request the service electronically, including the description of conditions for service provision.

The results of the review indicate that at the beginning of June 2011 the information about the option of requesting the services electronically could be found on only 25 local government websites, in major part of them (94, or almost 80 % of the total number of local governments) such information was not published. During the period from end of December 2010 to the beginning of June 2011 seven local government websites were supplemented with an option to request the service electronically (see Figure 94).



■ The Option of Filing the Application or Request Electronically

The possibility to apply for service electronically, which corresponds to the fourth level of service electronicisation, may be implemented in different forms – starting from the e-mail message or sending the electronically signed document by e-mail, special screen form located on the website for filling in the application and sending it to an interactive e-service developed by the local government.

Considering that a document signed with a safe electronic signature has the same legal force as the document signed by the person, the possibility to request the service in the form of electronic document should be provided in cases when the person is entitled to apply for service by mail or there is no special expertise required on-site. The request should be sent to the official e-mail address of the local government (or other address) and the information about such option should be included in the service description.

According to the requirements of the European Parliament and Council Directive 2006/123/EC "On services in the internal market" there are three services of local governments indicated (trade in public places, organisation of trade in public places and organisation of public events) for which the local governments should provide the possibility to apply for and receive them electronically.

At the beginning of June 2011 websites of 26 local governments (22 % of the total number of local governments) offered the option to file the application or request electronically, by e-mail. The number of such

websites had increased by seven since the end of December 2010.

The possibility to fill in the application or request for service online is provided only on websites of two republican cities, Riga and Jekabpils.

■ e-Consultations. Possibilities for Residents to Receive Assistance or Consultations Electronically

The local government may provide consultations on the website to make it easier for the residents to consult with the local government or its institutions on issues or services they are interested in. Such consultations may be implemented in different forms. Publishing of frequently asked questions and discussion forums are a convenient way to minimise the number of individual questions because they allow people to search for the answers to their questions in the answers provided earlier.

At the beginning of June 2011 it was possible for residents to receive assistance or electronic consultations on a little more than a half – on 63 – local government websites. The e-Consultation option was not available to residents of 56 local government territories. Since the end of December 2010 any of e-Consultations were introduced by 20 local governments (see Figure 95).

The contact information was published in compliance with the Subsection 11.2.5 of the 06.03.2007 Regulations of the CM No. 171 "We suggest using the electronic means of communication for more convenient and faster exchange of information and receipt of services" on quite a few, only eight local government websites.



Figure 95. Local governments on the website of which the possibility for receiving assistance or consultations electronically was provided at the beginning of June 2011.

The results of website review evident that it is necessary to organise the training for local governments on provision of quality information about the services provided by the local government to facilitate development of websites as a wholesome electronic channel.

Due to start-up of several projects co-financed by the EU in state administration and local governments and due to development of data networks of the new *novads* local governments, year 2010 marks a new quality approach to provision of services to residents and businesses.

The results of local government websites review show that more and more local governments use their websites as a tool for informing the population and for remote services, too. There was an obvious progress even during the five month period between both reviews of the local government websites. Nevertheless, it should

be concluded at the same time that there is a lot to do for the full spectrum of electronic services to be available on a high level of electronisation.

Various e-services are available at the moment, starting from simple e-mail messages and electronic filing of forms to fully automated e-services. The expenses on the account of both mail and transport, and time, and human resources are saved by introduction of electronic document circulation. Use of electronic signature has currently become more user-friendly, even simpler than use of the internet banking. At the time when electronic signature becomes widespread, the number of electronic service users and the level of their use will increase.

The population should be informed and educated about, and motivated to use the possibilities provided by e-governance, and e-governance will operate effectively.



VII DESCRIPTION OF LOCAL GOVERNMENT TERRITORY GROUP DEVELOPMENT

In this chapter the analysis of local government territories is based on both quantitative data and various features of quality. The local governments have been grouped to mark the groups of functionally related territories which are united by habitat, accessibility and workforce movement. Special attention is paid to marking urban regions and their differences.

The following have been described as individual local government functional groups:

- urban and rural territories;
- development centres and their areas which include Pieriga as the area of Riga metropolis and national

development centres and their areas, or urban regions;

- coastline of the Baltic Sea and Riga Gulf;
- borderland, including Eastern borderland.

Data of OCMA have been used in the tables included in chapter VII, except the data on personal income tax revenues in the budgets of local governments (calculations of SRDA by using the data of State Treasury), unemployment level (calculations of SRDA by using the data of SEA) and number of economically active individual merchants and commercial companies (provisional data of CSB).

Urban and Rural Territories

According to their belonging or connections with the cities the territories of local governments of Latvia may be divided into three groups:

- republican cities;
- town *novads* (*novads* which has a town as part of it);
- rural *novads* (*novads* consisting of *pagasts* only).

Justification of the town status for territory grouping is characterised by its proportion in economic activity and distribution of number of population. According to territorial status, there are 76 towns in Latvia* where 67.5 % of the population of the country live. However, the territorial division in these groups is formal because the role of a town functionally covers wider area or goes beyond the defined territory boundaries. Development of towns themselves is also related to vitality of the surrounding rural territories which form not only greater volume of workforce, but also ensure larger demand and market for public and commercial services. Links of town and rural territories are essential also as the factor for formation of economically territorial clusters in food, forestry, tourism and other sectors. This applies to all towns of Latvia. Differences in roles of towns are formed by wide spectrum of conditions for territorial development, thus creating various areas of urban and rural interaction.

There exists a historically formed united residential network in Latvia where populated areas are functionally linked with both economical and service links, which are effected in both economic activity and everyday movement of residents. Depending on the economic profile of habitat of territories adjacent to towns and

the population activity area, or work/education–home–service location structure, differences form both between the towns themselves and in each of rural areas adjacent to influence or link areas, which may be called the strive areas. Each town forms a certain, often specific strive area around itself which is different from the others. Each of these areas is characterised by workforce and student migration, economic and service connections. It is influenced by the size of towns, transport infrastructure, peculiarities of habitat network, natural barriers, etc., but the most important is the mobility of population.

Nine republican cities are a separate category of territories which form independent administrative units (republican cities are described in more detail in chapter III). These cities occupy 1.1 % of the territory of the country and 51 % (at the beginning of 2011) of all population of the country live there.

The town *novads* group is represented by administrative territories of 60 *novads* (63.5 % of the territory of the country and 33.8 % of all population of the country at the beginning of 2011) with one (55 *novads*) or several (5 *novads*) in each of them. Talsi *novads* is the richest in towns as it includes four towns – Talsi, Sabile, Stende and Valdemarpils. Aloja, Ilukste, Salacgriva and Strenci *novads* include two towns each. *Novads* (18 in aggregate) including any of the former district centre towns should be distinguished in this group.

Novads that do not include any town for the group of rural territories; there are 50 such *novads* in Latvia*.

* In February 2010 the status of Kalnciems town was changed from town to village. Prior to that there were 77 towns in Latvia.

* On 01.03.2011 by amendments to the Administrative Territory and Populated Area Law Roja *novads* was divided into Roja and Mersrags *novads*. Prior to that – 49 *novads*.

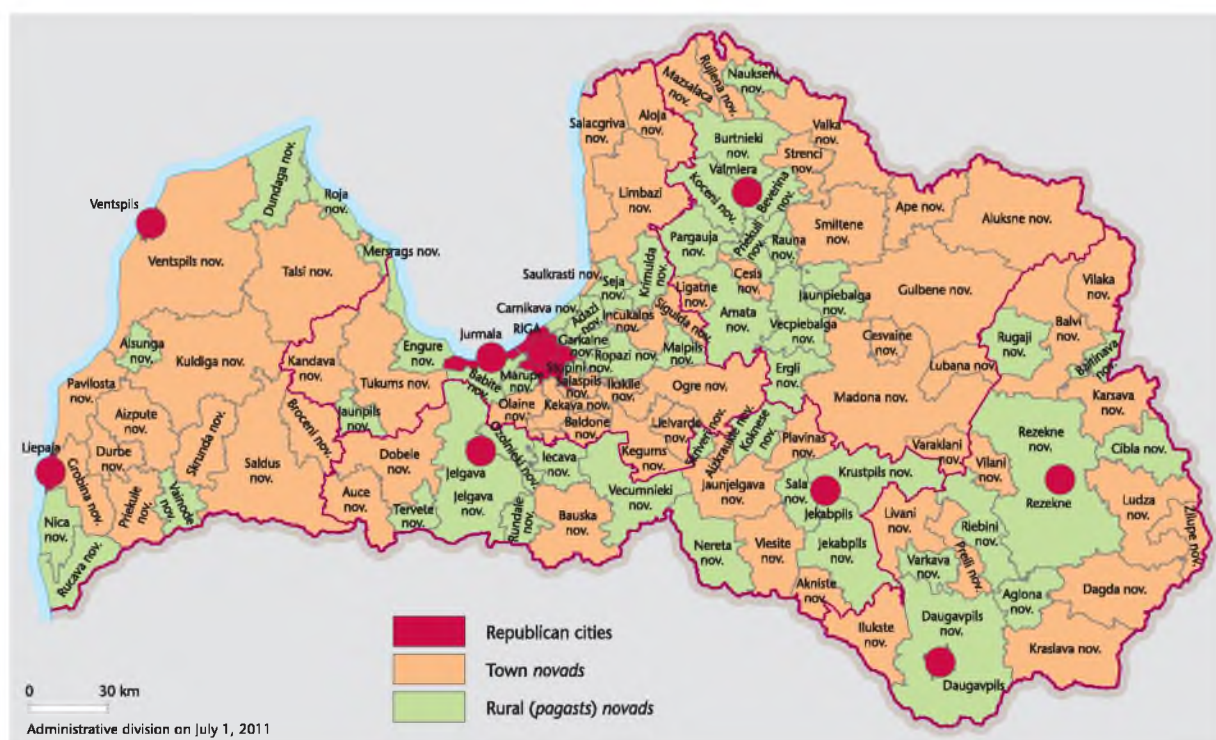


Figure 96. Local government territories of Latvia according to the status of town affiliation.

The total territory of rural *novads* occupies 35.4 % of the territory of the country and at the beginning of 2011 15.4 % of population of the country lived there (see Fig. 96).

When differences in development of local government territories are evaluated and economic and demographic indicators applicable for comparison are used, all territories of Latvia divide fairly clearly into

two categories according to the status of their town affiliation. The first is formed by republican cities which are described by considerably higher level of economic activity – the number of individual merchants and commercial companies per 1000 inhabitants exceeds the value of this indicator in both town *novads* and rural *novads* more than twice. The personal income tax revenue and employment indicators are also notably higher among the big cities than the average in the other territories. Comparatively more favourable demographic processes are evident in the republican cities – faster decrease in population number, lower proportion of population below working age and higher proportion of population above working age (see Table 96).

The second category is formed by the *novads* where differences between their types, town *novads* and rural *novads*, are comparatively minor. The changes of indicators characterising rural *novads* in the conditions of economic recession in 2010 evidence, overall, about a relatively slightly better situation compared to town *novads*. It should be noted that the rural *novads* group includes a large number of territories adjacent to republican cities the economic situation in which is to a large extent related to economic life of these cities, and at the same time those are the territories

Name of indicator	Republican cities	Novads	including		In Latvia
			town novads	rural novads	
Changes in population number, % (01.01.2006-01.01.2011)	-2.9	-1.8	-2.6	0.0	-2.8
Population density, people/km ² (01.01.2011)	1591.3	17.2	18.4	15.0	34.5
Demographic burden (01.01.2011)	525.0	513.8	517.2	506.4	519.5
Proportion of population below working age, % (01.01.2011)	13.2	14.2	14.2	14.3	13.7
Proportion of population at working age, % (01.01.2011)	65.6	66.1	65.9	66.4	65.8
Proportion of population above working age, % (01.01.2011)	21.2	19.7	19.9	19.3	20.5
Pers. income tax revenue in the local gov. budgets per capita, LVL (2010)	333.7	232.6	234.0	229.6	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 compared to 2009)	11.7	25.1	23.7	28.2	18.4
Unemployment level, % (01.01.2011)	9.3	12.8	13.0	12.4	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	-1.4	-0.6	-0.8	-0.1	-1.0
Number of econ. active ind. merchants and commercial comp. per 1000 inh. (2009)	43.6	18.8	19.3	17.7	31.5

Table 96. Average demographic and socioeconomic indicators of republican cities, town *novads* and rural *novads*, and their changes during a year.

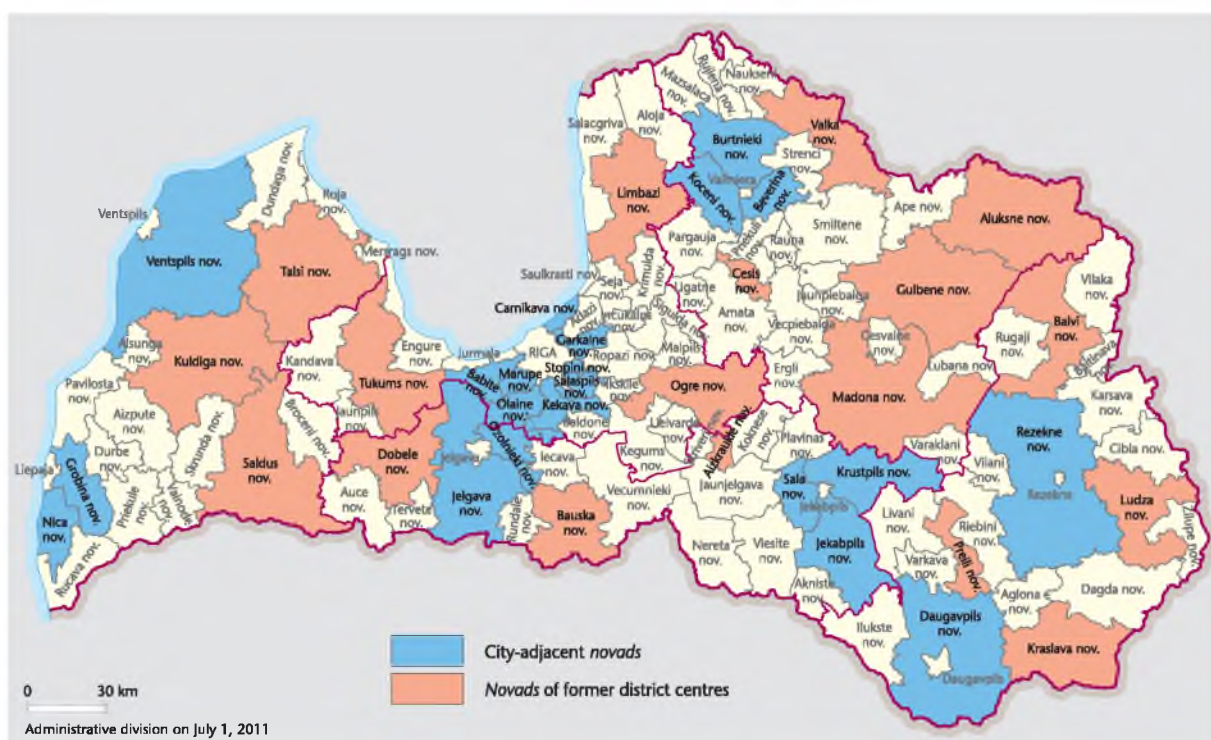


Figure 97. City-adjacent novads and novads of former district centres.

where former residents of these cities have moved to. Therefore, the demographic indicators are significantly more favourable and the income of residents is higher in these rural territories next to the cities, which raises the level of indicators of the whole rural *novads* group. If rural territories directly adjacent to republican cities are excluded from this comparison, there still remain slight differences between town *novads* and rural *novads* in favour of the later. This shows that, overall, the small towns relatively weakly perform the role of development centre, at least in the economic recession conditions, to be able to facilitate the socioeconomic development of themselves and the surrounding rural territories. It may be assumed that specific conditions of economic recession are accentuated in such a way by having larger adverse effect on territories with larger proportion of public sector and insufficient diversity of the economic structure.

The above mentioned is confirmed also by comparison of *novads* by dividing those according to their ties to republican cities (city-adjacent *novads*) and the administrative centres of former districts. This comparison includes *novads* directly bordering republican cities (except Jūrmala) and here the city-adjacent *novads*, not only overall but also according to almost all individual indicators, are characterised by more favourable social, economic and demographic situation than the *novads* of former district centres or the average-size towns of Latvia (see Fig. 97 and Table 97).

Name of indicator	Novads	including city-adjacent novads	novads of former district centres	In Latvia
Changes in population number, % (01.01.2006-01.01.2011)	-1.8	4.6	-4.0	-2.8
Population density, people/km ² (01.01.2011)	17.2	19.4	19.8	34.5
Demographic burden (01.01.2011)	513.8	499.8	511.5	519.5
Proportion of population below working age, % (01.01.2011)	14.2	15.1	14.0	13.7
Proportion of population at working age, % (01.01.2011)	66.1	66.7	66.2	65.8
Proportion of population above working age, % (01.01.2011)	19.7	18.3	19.9	20.5
Pers. income tax revenue in the local gov. budgets per capita, LVL (2010)	232.6	264.5	225.7	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 compared to 2009)	25.1	29.2	20.7	18.4
Unemployment level, % (01.01.2011)	12.8	11.9	13.5	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	-0.6	-0.4	-0.6	-1.0
Number of econ. active ind. merchants and commercial comp. per 1000 inh. (2009)	18.8	21.1	20.4	31.5

Table 97. Average demographic and socioeconomic indicators of city-adjacent novads and novads of former district centres, and their changes during one year.

The pace of decrease in population number should be noted among other indicators as it has been the highest in the *novads* of former district centres during five years compared to all groups of territories reviewed.

The socioeconomic indicators of 2010 reveal sharp difference between the cities and other towns of Latvia in both development level and positive dynamics. Though the average-size and small towns are not distinguished as mutually comparable statistical units, the limited socioeconomic role of average-size towns of Latvia is

consistently evident right in the mediation, by comparing the territory groups of *novads* related to the towns. It may be assumed that the development conditions in the small towns during the period of economic changes have been quite similar to those in the territories of rural *novads*.

Development Centres and their Areas

For purposes of this report the development centres are urban territories that are the places of resource, mainly human resource, and socioeconomic activity concentration, and they should facilitate development of surrounding territories. Development centres of Latvia should be divided into several levels according to their importance: national, regional and *novads* level. National and regional development centres of national importance are defined in the Sustainable Development Strategy of Latvia up to 2030 (*Latvia 2030*).

According to *Latvia 2030* the development centres of national importance are all nine republican cities – Riga, Daugavpils, Jekabpils, Jelgava, Jūrmala, Liepāja, Rezekne, Valmiera and Ventspils.

Regional development centre category includes 21 towns – Aizkraukle, Alūksne, Balvi, Bauska, Cēsis, Dobele, Gulbene, Kraslava, Kuldīga, Limbaži, Līvāni, Ludza, Madona, Ogrē, Preiļi, Saldus, Sigulda, Smiltene, Talsi, Tukums and Valka (see Fig. 98).

Development centres of *novads* importance include almost all other towns as well as big urbanised rural centres meeting the above definition, but such development centres of *novads* importance are defined by local governments in their territory development planning documents.

Statistical system of Latvia provides the basic data required of comparison of territory development about the republican cities, or the development centres of national importance and those are described in chapter III of this report. However, the available data are most often applicable to development centres of regional importance only indirectly, because they are the part of *novads* as their territorial units. Development centres of regional importance are the administrative centres of former regions which are not among republican cities as well as Līvāni, Sigulda and Smiltene.

The essential and required property of development centres is facilitation of development of surrounding regions. And most often the spatial or, in this case – urban, structure of the centre may not be limited to formal administrative framework of the town. Functionally integrated urban and urban-rural areas facilitating development sometimes form outside those, and those may be called urban regions. In cases of integrated development of towns and their surroundings the volume of this economic area is increasing, and potentially also their activity and competitiveness.

The report designates and describes, as proposal, the development centre areas of national importance – the urban regions, and in case of Riga it is called the Riga metropolis area – Pierīga. It includes Jūrmala and, therefore, it is not reviewed individually, but the other centres of national importance are compared to get an insight about large cities as facilitators of development of their surrounding territories.

Riga Metropolis Region – Pierīga

The Riga metropolis region, Pierīga, is viewed as the area functionally related to the capital, where everyday economic and educational movement of population takes place. Influence of Riga to surrounding territory has historically been greater than in case of other cities of Latvia and its long-lasting existence has formed a habitat and traffic infrastructure functionally and spatially related to Riga, and the everyday movement of population corresponding to it.

The boundaries of Riga functional region agglomeration were defined in the research performed by the University of Latvia in 2004* as well as defined more accurately by developing the Riga region plan in 2006**. Individual population mobility indicators show that Riga, together with Pierīga, is an important link direction for the whole territory of Latvia. According to comparatively high everyday fluctuating migration intensity the metropolis includes not only the territories in direct proximity to Riga, but stretches out to, for example, Aizkraukle and Koknese, includes Jelgava and part of Jelgava *novads*, Tukums *novads* and Bauska *novads*, partially includes Limbaži and Līvāni *novads*. The influence area of Riga city does not cover all Riga planning region, for example, it does not include the territories of Kandava, Salacgrīva and Aloja *novads*, while a significant part of Zemgale region is situated in the influence area. Jelgava forms its own influence area both as the centre of Zemgale planning region and economically, but a large part of its population and companies is daily closer related to Riga.

* Krišjāne Z. (project manager, UL FGES), 2004. Defining the borders of Riga agglomeration. Riga City Council City Development Department.

** Spatial (territorial) plan of Riga planning region. Riga Planning Region Development Council, Riga Region Development Agency, 2007.

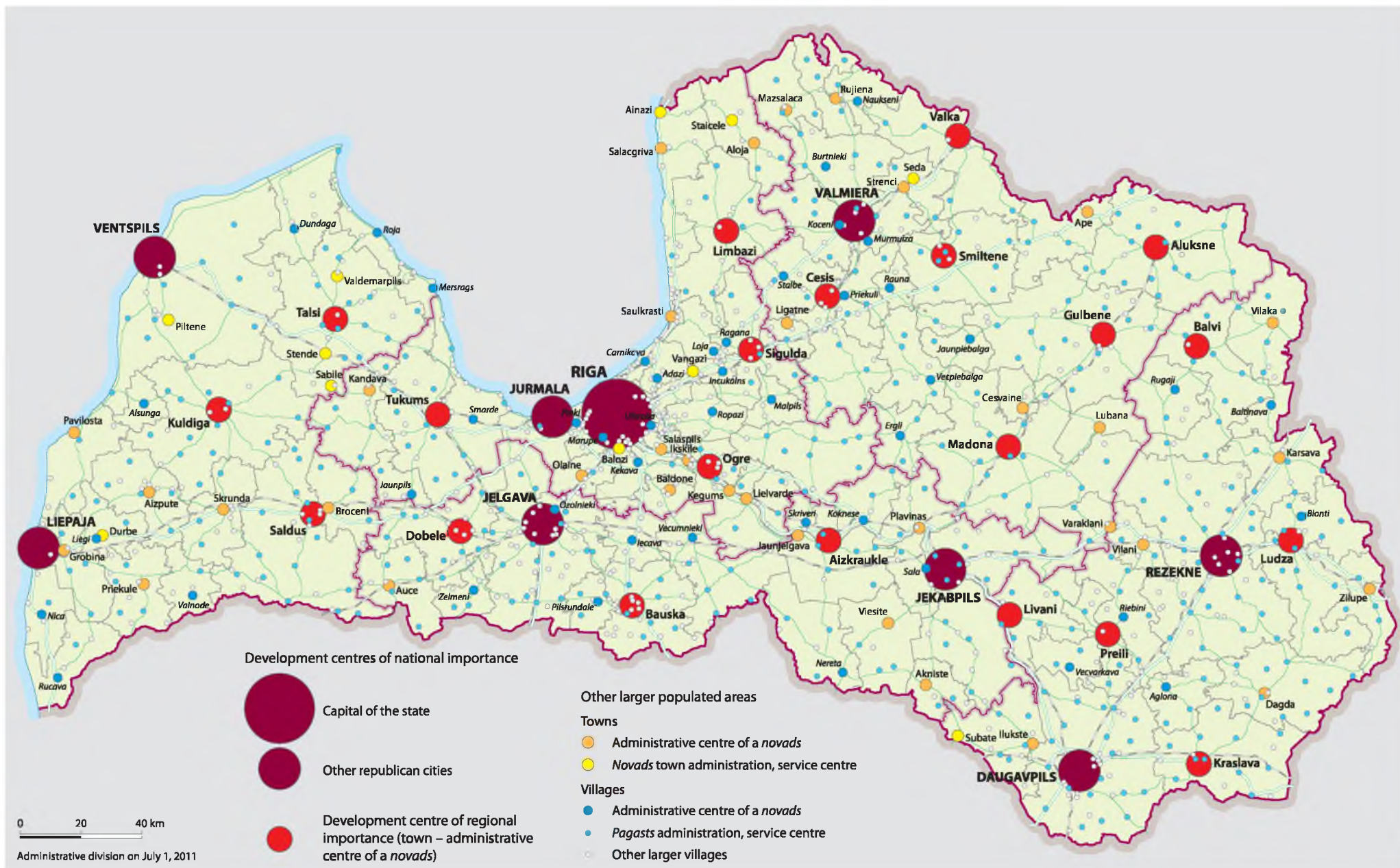


Figure 98. National and regional development centres, other larger populated areas.

National Development Centres and their Influence Areas – Urban Regions

Seven republican cities and rural territories functionally related to them are compared as centres of national importance (Riga and closely related Jurmala are described above) to get an insight of relations of the cities and development of their surrounding territories. Rural territories related to the cities are defined according to character and direction of the territory development level alteration index during the period from 2000 (index change intensity, changes in increase or decrease direction in neighbouring territories), according to data of 2008 on territorial distribution of the personal income tax transfer to local government budgets as well as according to joining traffic infrastructure, by assuming that these criteria reflect the nature of territorial links (see Fig. 100).

When seven urban regions are compared according to the average values of demographic and socioeconomic indicators, we can see that they are characterised by overall correspondence to demographic structure of Latvia, comparatively faster decrease in population number, but the level of unemployment and economic activity is close to the average in *novads*. In all these urban regions together, for example, the level of demographic burden is quite similar between the republican cities and *novads*, but the other data which mainly characterise economic development reveal big differences between the cities and rural territories. Rural territory parts of urban regions notably fall behind not only the main cities of these regions, especially according to the volume of personal income tax, unemployment level, proportion of economically active merchants and commercial companies, but also the *novads* of Latvia in average. So, the urban regions (without Riga metropolis region) indicate relatively higher internal territory development differences than in the other groups of territories. This means that the republican cities which form the urban regions notably influence the territories surrounding them. It should be noted at the same time that there are quite significant differences between the urban re-

gions as to the nature and scale of these influences. In places where such level differences are smaller the role of the cities may be evaluated as more favourable, more facilitating the development of neighbouring territories. In the event of greater differences it is just the opposite – the cities influence the growth of adjacent rural territories weaker and the differences in development levels between the territories are gradually increasing (see Table 99).

The indicators characterising overall the seven urban regions provide an idea about the level of development of urban regions on the background of all groups of territories of Latvia, but do not reveal the role of cities as development centres. This may be done in special research by using the analysis of links between population, financial flows, cooperation networks, etc. based on both quantitative and qualitative data. By using the comparable information, this report identifies the relation of territories indirectly, in comparison of mutually subordinate territories.

Liepaja Urban Region

Liepaja urban region consists of Liepaja and Aizpute, Durbe, Grobina, Nica, Pavilosta, Priekule, Rucava and Vainode *novads*. During the period of ten years the territories of rural local governments situated in the former Liepaja district had a comparatively very low value of territory development level index on the background of Latvia. The data characterising Liepaja urban region in 2010 reveal the adverse demographic structure which has formed over a longer period. One of the features reveals the dominating role of Liepaja in the region – relatively much higher level of commercial activity compared to the other territories. Notably lower volume of personal income tax per capita is collected in the *novads* of the region than in Liepaja. The internal differences in the region are clearly underlined by significantly higher pace of decrease in population numbers of the *novads* which exceeds the average indicators of both Kurzeme planning region and the whole Latvia. This evidences the long-lasting negative socioeconomic situation in rural

Name of indicator	All republican cities	All <i>novads</i>	including all town <i>novads</i>	Daugavpils, Jekabpils, Jelgava, Liepaja, Rezekne, Valmiera and Ventspils including urban regions without rep. cities	urban regions	rep. cities	In Latvia
Changes in population number, % (01.01.2006-01.01.2011)	-2.9	-1.8	-2.6	-3.9	-3.4	-4.8	-2.8
Demographic burden (01.01.2011)	525.0	513.8	517.2	517.2	516.7	518.0	519.5
Personal income tax revenue in the local government budgets per capita, LVL (2010)	333.7	232.6	234.0	230.5	261.2	178.0	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 compared to 2009)	11.7	25.1	23.7	20.8	20.0	22.1	18.4
Unemployment level, % (01.01.2011)	9.3	12.8	13.0	12.5	11.0	15.2	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	-1.4	-0.6	-0.8	-0.4	-1.2	0.8	-1.0
Number of econ. active individual merchants and commercial companies per 1000 inh. (2009)	43.6	18.8	19.3	20.5	25.4	12.0	31.5

Table 99. Average demographic and socioeconomic indicators of urban regions and their changes during a year.



Figure 100. National development centres and their influence areas.

areas of the urban region. At the same time Liepaja is an expressed employment centre and there is reason to believe that economic activity of the central city provides jobs for residents of vast rural area, therefore there is no difference in unemployment level between the territories of the urban region (see Table 100).

Ventspils Urban Region

The territory of urban region is represented by Ventspils city and Ventspils *novads* surrounding it. During the first half of last decade, like in case of Liepaja surroundings, the territories of local governments of former Ventspils district were characterised by low values of territory development level index. However, the situation gradually changed during last five years when the overall development level of these territories increased relatively fast. It especially applies to territories of *pagasts* which were directly adjacent to Ventspils city. It should be accented here that the above territories are characterised by comparatively very small number of population, therefore new economic activities could change the indicator values relatively sharp. But one cannot deny that positive influence of Ventspils to the development of territories adjacent to it was expressed during this period.

On the background of other urban regions Ventspils urban region is characterised by comparatively high proportion of commercial activity outside the centre itself – 17.5 economically active individual merchants and commercial companies per 1000 inhabitants in 2009 (the average in territories of urban regions is 12.0). This evidences positive links between the city and the surroundings, but it should be considered that this indicator might be related to the practice of company registration, moreover in the conditions where the population number of the territorially vast Ventspils *novads* is only 13.4 thousand. The very large difference of inhabitant income level between the territories of the city and *novads* should be noted at the same time which, on one hand, tends to believe that employment links within the urban region territories are quite weak, but the comparatively low unemployment level in Ventspils *novads*, even lower than the average in Latvia, evidences the opposite – that

the city is providing jobs on a higher level to residents of the *novads* as well (see Table 100).

Daugavpils Urban Region

The urban region includes Daugavpils city and territories of Daugavpils and Ilukste *novads*. Differences in the level of resident income and very large differences in proportion of economically active individual merchants and commercial companies between the city and rural territories describe the internally diverse socioeconomic situation in the urban region area. In the conditions with very low commercial activity in rural areas the positive influence of Daugavpils city on surrounding territories is, however, confirmed by comparatively low unemployment level in Latgale context. Though the overall level of socioeconomic activity is lower, the internal differences in territory development level and the nature of mutual socioeconomic links of Daugavpils urban region is quite similar to Liepaja urban region. At the same time lower level of commercial activity in Daugavpils urban region *novads* marks a relatively greater dominating role of the city – job provider (see Table 101).

Rezekne Urban Region

Rezekne urban region includes both Rezekne city and Rezekne, Vilani and Karsava *novads*. Socioeconomic development indicators of the vast Rezekne *novads* surrounding Rezekne are similar to the indicators of more remote Vilani and Karsava *novads*, therefore the role of Rezekne as development centre in facilitating development of surrounding territories, or direct positive influence of the city to surrounding rural territories is formally not evident. The indicators of unemployment as indicator of the economic activity level are very adverse in both Rezekne city itself and especially in *novads* territories. At the same time, similar as in Daugavpils urban region, also here exists very large difference in resident income level between the urban and surrounding territories. On the background of Latgale planning region Rezekne urban region is characterised in positive sense by comparatively much higher number of economically active individual merchants and commercial companies per 1000 inhabitants that may

	Liepaja urban region	including urban region without Liepaja	Ventspils urban region	including urban region without Ventspils	Kurzeme planning region	In Latvia		
Name of indicator								
Changes in population number, % (01.01.2006-01.01.2011)	-3.1	-2.5	-4.1	-3.1	-3.0	-3.6	-3.9	-2.8
Demographic burden (01.01.2011)	556.9	555.4	559.7	515.2	521.3	496.3	532.1	519.5
Personal income tax revenue in the local government budgets per capita, LVL (2010)	231.6	252.6	190.2	303.9	328.6	225.5	243.4	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 compared to 2009)	35.2	42.5	20.9	11.4	5.7	29.2	34.4	18.4
Unemployment level, % (01.01.2011)	11.9	11.9	11.9	9.4	9.1	10.4	11.7	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	-1.5	-1.7	-1.0	-0.9	-1.0	-0.4	-1.1	-1.0
Number of econ. active individual merchants and commercial companies per 1000 inh. (2009)	22.0	26.3	13.5	23.4	25.3	17.5	21.8	31.5

Table 100. Average demographic and socioeconomic indicators of Liepaja and Ventspils urban regions and their changes during a year.

Name of indicator	Daugavpils urban region	<i>including urban region without Daugavpils</i>	<i>urban region without Daugavpils</i>	Rezeknes urban region	<i>including urban region without Rezekne</i>	<i>urban region without Rezekne</i>	Latgale planning region	In Latvia
Changes in population number, % (01.01.2006-01.01.2011)	-5.9	-5.3	-7.3	-6.0	-4.9	-6.9	-6.9	-2.8
Demographic burden (01.01.2011)	497.4	492.6	510.9	510.4	504.3	515.0	507.2	519.5
Personal income tax revenue in the local government budgets per capita, LVL (2010)	185.1	204.0	132.8	180.2	241.2	133.7	172.8	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 compared to 2009)	12.8	12.1	14.7	14.6	12.6	16.2	14.4	18.4
Unemployment level, % (01.01.2011)	10.8	9.8	13.7	22.1	17.3	25.8	16.9	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	0.2	-0.6	2.4	1.5	0.4	2.4	0.9	-1.0
Number of econ. active individual merchants and commercial companies per 1000 inh. (2009)	17.5	21.3	6.9	17.0	26.7	9.5	15.4	31.5

Table 101. Average demographic and socioeconomic indicators of Daugavpils and Rezekne urban regions and their changes during a year.

evident either the initiated process of higher socioeconomic activity or the potential for economic growth in near future (see Table 101).

Jelgava Urban Region

Jelgava city and to a large extent also the adjacent *novads* territories are part of Riga metropolis region. Nevertheless, Jelgava itself is very expressly developing its own, in this case subordinate, influence area or urban region which includes also Jelgava and Ozolnieki *novads*. Rural territories of Jelgava urban region show comparatively high proportion of commercial activity. The positive link role of the city is described by relatively smaller difference in resident income level between the city and other territories of the region, but it is, however, significantly larger than average differences between republican cities and rural territories within the Riga metropolis region area. Comparatively low difference of unemployment level between Jelgava territories surrounding it also evidences about quite tight and positive economic ties in Jelgava urban region. Among other groups of territories the urban region stands out with comparatively favourable (the most favourable among seven urban regions) character of changes in population numbers. Territory of Jelgava urban

region *novads* is one of those territory groups in Latvia in which the number of population has increased during the period from the beginning of 2006 to the beginning of 2011 (see Table 102).

Jekabpils Urban Region

Jekabpils urban region corresponds with the territory of the former district. It includes Jekabpils city, Akniste, Jekabpils, Krustpils, Sala and Viesīte *novads*. The influence of the centre is weak in the wide area and it indicates somewhat similar picture to Rezekne urban region. The commercial activity is concentrated in Jekabpils; it is significantly lower in *novads*. There is a very large difference in resident income level between the republican city and *novads*. Among other territories of this group Jekabpils urban region stands out with the fastest pace in decrease of *novads* population. The reasons may be less favourable socioeconomic conditions; advantages due to location of the region facilitating mobility, in borderland territories – also the conditions characteristic to outskirts situation (see Table 102).

Valmiera Urban Region

Valmiera also is a centre to a larger territory even wider than the former district, but, unlike Jekabpils, there

Name of indicator	Jelgava urban region	<i>including urban region without Jelgava</i>	<i>urban region without Jelgava</i>	Jekabpils urban region	<i>including urban region without Jekabpils</i>	<i>urban region without Jekabpils</i>	Zemgale planning region	In Latvia
Changes in population number, % (01.01.2006-01.01.2011)	-1.0	-2.0	0.7	-4.5	-1.7	-7.3	-3.2	-2.8
Demographic burden (01.01.2011)	504.2	509.0	495.9	515.5	513.4	517.7	505.8	519.5
Personal income tax revenue in the local government budgets per capita, LVL (2010)	284.1	312.9	234.6	200.2	233.9	163.8	250.1	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 compared to 2009)	23.6	18.2	33.3	20.8	18.0	23.6	23.3	18.4
Unemployment level, % (01.01.2011)	10.6	9.6	12.3	13.2	12.7	13.7	11.9	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	-0.9	-1.8	0.6	0.2	-1.2	1.6	-1.0	-1.0
Number of econ. active individual merchants and commercial companies per 1000 inh. (2009)	22.4	26.8	14.7	19.1	26.7	11.0	18.4	31.5

Table 102. Average demographic and socioeconomic indicators of Jelgava and Jekabpils urban regions and their changes during a year.

is a more clearly expressed range of *novads* adjacent to the centre which includes Beverina, Burtņieki, Koceni and Strenči *novads*. In this area, Valmiera city is an expressed centre of job concentration. There is a much higher level of commercial activity as well as salaries there, while in *novads* these indicators are comparatively low. The spectrum of indicator values and territorial distribution makes rating Valmiera (the same as Rezekne, Jekabpils and partly also Liepāja) as, so far, quite weakly expressed development centre of extraterritorial influence (see Table 103).

Name of indicator	Valmiera urban region	including Valmiera	urban region without Valmiera	Vidzeme planning region	In Latvia
Changes in population number, % (01.01.2006-01.01.2011)	-2.7	-1.7	-3.8	-4.9	-2.8
Demographic burden (01.01.2011)	517.1	523.4	509.8	516.6	519.5
Personal income tax revenue in the local government budgets per capita, LVL (2010)	273.8	327.8	210.8	224.8	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 comp. to 2009)	20.1	18.2	22.3	21.9	18.4
Unemployment level, % (01.01.2011)	10.3	9.1	11.7	11.6	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	-1.9	-2.5	-1.3	-0.9	-1.0
Number of econ. active individual merchants and commercial companies per 1000 inh. (2009)	24.9	32.7	15.8	20.4	31.5

Table 103. Average demographic and socioeconomic indicators of Valmiera urban region and their changes during a year.

Coast of the Baltic Sea and Riga Gulf

The 496 kilometres long Baltic Sea coastline of Latvia with large and small ports and the longest sand beaches in the Baltic Sea region is an essential component of the country's image and an important development resource positively influencing the development of Latvia throughout centuries and its international recognition.

From development facilitation and assessment perspective the coastal area is the area where preservation of natural and cultural heritage should be coordinated with economic activity by considering the constantly increasing climate changes: rise of sea level, increase of wind rush and coast elution. Interaction of various interests takes place within this balancing process where the state and local level cooperation and complex solutions are equally important. This makes to evaluate the comparable quality indicators used for territory development assessment not only at their formal value, but equally also according to their correspondence to the coastal area specifics, which should essentially be evaluated according to complex and quality features.

Coastal area spatial development guidelines for 2011–2017 that were adopted by the Cabinet of Ministers on April 20, 2011 provide that the coastal area is a contact zone of the Baltic Sea and land where the sea-coast geological processes (erosion and accumulation) are going on, where is a unique sea and coast picture formed by the beach, bluffs, river mouths, sand meadows, dunes, lagoon lakes, lighthouses, piers, ports, port towns, villages and farmsteads where the way of life (fishing in the sea, fish processing, collection of seaweed) and cultural heritage (construction, dialects, traditions, etc.) are different from those of inland. However, coastal area development is related to social, economical and environmental processes in much wider territory, therefore this report describes coastal area local governments –

those republican cities and *novads* the administrative territories of which border the Baltic Sea and Riga Gulf (see Fig. 101).

The coastal area is a part of two planning regions, Riga and Kurzeme. It covers administrative territories of 17 local governments, including four republican cities – Riga, Jūrmala, Ventspils and Liepāja. Total territory of coastal area local governments is almost 8100 km² or 12.5 % of the territory of the country. At the beginning of 2011 total population of coastal area local governments was 978.8 thousand people or 43.9 % of all population of the country. The greatest proportion is formed by the residents of four republican cities – 90.5 %; the total number of population of 13 *novads* at the beginning of 2011 was only 93.2 thousand. Nevertheless, the population number of coastal area local governments is significantly increasing in summers, in individual territories it increases several times.

The current economic activity on the coastal area is different. It is significantly higher in republican cities. Riga, Ventspils and Liepāja are complexly developed economical centres the location of which on the seacoast has provided the opportunity to use ports as one of the essential driving forces for the economy of these cities. All the three largest ports of Latvia are situated in these cities the territories of which have the status of special economic zone – Riga Free Port, Ventspils Free Port and Liepāja Special economic zone. Other aspects related to coastal area, for example, management of nature territories vulnerable to anthropogenic influence, recreation and tourism have supplementary role in the life of large coastal area cities. Growth and economic activity of Jūrmala is related to development of tourism, including spa economy. The tourism and spa resources are currently not being used fully, because in many places the existing infrastructure does not meet international standards.



Figure 101. Local governments of coastal area.

Coastal area factor is both the precondition for development and limitation at the same time in *novads*. On one hand, it determines the direction of economic activity characteristic to the coastal area (fishery, fish processing, operation of ports, provision of services to holiday-makers), while on the other hand, the development resources of coastal area are spatially limited, but attraction of other resources or restructuring of economic activity requires additional expenses. There are seven small ports currently operating in the territories of *novads* which develop as complex centres of coastal area economic activity (regional Baltic Sea cargo transportation, fishery, shipyards, yacht construction and tourism). Nevertheless, during the last decade the economic activity in fishing and fish processing is decreasing, but at the same time the interest grows for using the coastal area for tourism, recreation, sports and as the second place of residence. However, quality infrastructure for tourism and sports development on the coastal area is insufficient. There is a lack of parking places, access to the sea, including for functionally disabled persons, passages for the needs of emergency services and transporting large-size sports inventory, bicycle roads, informative and direction signs.

Territories of coastal area *novads* are very different. As to the area, the largest is Ventspils *novads* (2457 km²), the smallest is Saulkrasti *novads* (only 48 km²), as to population number the largest is Limbazi *novads* (19 388 residents at the beginning of 2011), the smallest is Mersrags *novads* (1829 residents at the beginning of 2011). In average, 7.2 thousand people lived in one coastal area *novads* at the beginning of 2011, but the average of all *novads* was 10.0 thousand people.

Socioeconomic indicators of coastal area *novads* are, overall, lower than the average of the *novads* of Latvia.

According to comparable indicators characterising demography and economic development among all Latvian *novads* the coastal area *novads* reveal more adverse age composition of population and consequently higher level of demographic burden, the number of population is decreasing on the coastal area faster than in all *novads* on average. During the period from the beginning of 2006 to the beginning of 2011 the number of population increased only in two of 13 coastal area *novads* – in Carnikava and Saulkrasti *novads* which are close to Riga. Population number decreased in the other *novads*; moreover, in Salacgriva, Limbazi, Engure, Mersrags, Roja, Dundaga, Ventspils, Pavilosta and Rucava *novads* it was faster than the average in the *novads* of Latvia. At the beginning of 2011 the population density in eight coastal area *novads* was lower than the average of all *novads*.

Compared to average indicators of Latvian *novads* the personal income tax revenue in the local government budgets per capita in 2010 were lower in 10 coastal area *novads*. Though unemployment indicators were more favourable in coastal area *novads* – at the beginning of 2011 the unemployment level exceeded both the average of *novads* and the average indicator of the country only in Limbazi *novads* and Rucava *novads* (see Table 104).

There are great differences on the coastal area according to the economic activity indicators as well. In a half of coastal area *novads* the number of economically active individual merchants and commercial companies per 1000 inhabitants in 2009 was lower than in all *novads* of Latvia in average. The economic activity indicators of the Baltic Sea coastal area territories are significantly lower than in *novads* bordering the Riga Gulf. Economic activity is influenced both by the location with

respect to big cities and big ports, with respect to Riga in the first place, and the transport infrastructure, and the shape of *novads* territory or its *depth inland*, and the link to the seashore. These circumstances significantly affect economic profile of each *novads*, population and way of life of residents. Coastal area *novads* stretching deeper inland are usually rich in forests and forestry plays a significant role in the economy of these *novads*, in separate *novads* – also the agriculture. In *novads* bordering republican cities recreation services are more important as well as the daily movement of population to work in the city which provides comparatively higher personal income tax revenues in the local government budgets.

Use of specific resources of the coastal areas was, so far, hindered by comparatively more complicated procedure in balancing preservation of coastal area nature and cultural and historic values, and the economic activity. New opportunities for territory development have opened with defining the coastal area as the space of national interests in the Sustainable Development Strategy of Latvia up to 2030 (*Latvia 2030*). The Coastal area spatial development guidelines for 2011–2017 arising from it define the directions and tools for policy implementation. The priority task for ensuring sustainable development of the coastal area is the infrastructure development by following the long-term forecasts on influence of climate changes and by preserving the picturesque values. Qualitative infrastructure will organise and improve access to the coast by limiting driving through and paddling the dunes, minimise the impact of climate changes, facilitate maintenance of joint coastal area natural and cultural heritage and its

use in developing the coastal area added value as well as will promote economic activity in coastal area local governments.

Name of indicator	Novads	including coastal area novads	In Latvia
Changes in population number, % (01.01.2006-01.01.2011)	-1.8	-2.0	-2.8
Population density, people/km ² (01.01.2011)	17.2	12.3	34.5
Demographic burden (01.01.2011)	513.8	531.4	519.5
Proportion of population below working age, % (01.01.2011)	14.2	13.5	13.7
Proportion of population at working age, % (01.01.2011)	66.1	65.3	65.8
Proportion of population above working age, % (01.01.2011)	19.7	21.2	20.5
Pers. income tax revenue in the local gov. budgets per capita, LVL (2010)	232.6	236.4	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 compared to 2009)	25.1	24.3	18.4
Unemployment level, % (01.01.2011)	12.8	9.7	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	-0.6	-0.9	-1.0
Number of econ. active ind. merchants and commercial comp. per 1000 inh. (2009)	18.8	20.2	31.5

Table 104. Average demographic and socioeconomic indicators of coastal area *novads* and their changes during a year.

Borderland

The total length of the Latvian state border is 1852 km. Land border forms 1356 km and 496 km is the sea border. Borderland is the part of territory adjacent to land border line which is defined according to the law* in the Regulations of the Cabinet of Ministers on borders of administrative territories and territorial units**. The borderland is not less than 15 km wide along the border of Lithuania and Estonia and is not less than 30 km wide along the outer border of the European Union, the border of Russia and Belarus. Borderland is the area of operation of State Border Guard where the established limitations do not significantly influence economic or other activity. There is a border zone defined up to 2 km wide along the outer (European Union) border of the

country where individual activities, construction, development of road infrastructure and economic activity are partially limited.

The state border establishes specific, also limiting conditions, which at the same time form a set of facilitating factors for connecting different economic, cultural and social spaces, and form a functionally different development situation in a wider range of territories. There are preconditions for use of borderland as a specific development potential which may express itself only in case of targeted regional policy of the state, though. Important precondition for borderland development is cross-border international cooperation which increases the possibilities for implementing bulky development projects.

Territories of 36 *novads* are included in borderland; in most cases it covers only a part of territorial units of the *novads*. Territories of 31 *novads* have direct contact to the outer border of the state.

Sustainable Development Strategy of Latvia up to 2030 defines Eastern borderland as regional policy tar-

* "Republic of Latvia State Border Law", entered into force on 16.12.2009.

** 27.07.2010 Regulations of the CM No. 674 "Regulations Regarding the State Border, the Border Zone and the Border Area, as well as Samples of Indication Signs and Information Signs of the Border Area, the Border Zone and the State Border and the Procedure for their Installation".



Figure 102. Borderland and Eastern borderland.

Name of indicator	Novads	including borderland novads	Eastern borderland novads	Eastern borderland*	In Latvia
Changes in population number, % (01.01.2006-01.01.2011)	-1.8	-6.1	-7.2	-6.3	-2.8
Population density, people/km ² (01.01.2011)	17.2	13.6	12.5	22.7	34.5
Demographic burden (01.01.2011)	513.8	513.4	515.4	506.4	519.5
Proportion of population below working age, % (01.01.2011)	14.2	13.3	12.8	12.8	13.7
Proportion of population at working age, % (01.01.2011)	66.1	66.1	66.0	66.4	65.8
Proportion of population above working age, % (01.01.2011)	19.7	20.6	21.2	20.8	20.5
Pers. income tax revenue in the local gov. budgets per capita, LVL (2010)	232.6	176.6	146.5	176.7	285.1
Changes in pers. income tax revenue in the local gov. budgets per capita, LVL (2010 compared to 2009)	25.1	19.4	16.7	14.7	18.4
Unemployment level, % (01.01.2011)	12.8	16.3	20.6	16.5	11.0
Changes in unemployment level, % (01.01.2011 compared to 01.01.2010)	-0.6	0.6	1.9	0.9	-1.0
Number of econ. active ind. merchants and commercial comp. per 1000 inh. (2009)	18.8	12.3	10.4	15.9	31.5

Table 105. Average demographic and socioeconomic indicators of borderland novads and Eastern borderland, and their changes during a year.

get territory. The draft regional policy guidelines (2011) define the territories of local governments included in it. Eastern borderland is both the European Union eastern borderland area and also a wider range of territories in direction from the state border inland by composing

approximately 80 % of the territory of Latgale region and including also Aluksne novads of Vidzeme region. There are territories of 14 novads included in Eastern borderland as well as two republican cities – Daugavpils and Rēzekne (see Fig. 102). Therefore it is envisaged to use integrated application of regional development instruments for territory development, use of borderland potential by additional integration of cross-border cooperation potential of the cities and adjacent rural territories in the context of joint development of the region.

This report describes separately the borderland as a set of territories adjacent to all land border of the state and the Eastern borderland. Though, as already discussed, only individual territorial units (towns and pagasts) of novads are most often a part of borderland, the description and comparison of territories is made in novads section, so all the territory of the novads is included in borderland as most part of statistical data is available only about the territories of novads as single entirety.

The number of population in 36 borderland novads at the beginning of 2011 was 361.8 thousand (16.2 % of the whole population of the country), the area – 26.7 thousand km² (41.3 % of the country's territory).

* 14 novads, Daugavpils and Rēzekne.

The average indicators characterising development of borderland *novads* are, overall, notably lower compared to both Latvian and *novads* average indicators. The demographic burden and composition of the age groups of population are a little different from the average indicator of the country and all *novads* though, while the number of population has decreased considerably faster in the borderland. Territories of borderland *novads* are characterised by low level of infrastructure, including roads, quality, insufficient provision of public transport which affects accessibility of the territory and thus increases the periphery effect and facilitates to emptying of borderland territories. When socioeconomic indicators are compared, the personal income tax revenue per capita in the budget of local governments and commercial activity significantly fall behind the average of all *novads* and Latvia while the level of unemployment is significantly higher (see Table 105).

At the same time there are quite big differences between borderland territories. There is not so great *outskirt* effect in the European Union borderland territories, the borderland of Estonia and Lithuania, as is expressed in the Eastern (CIS country) borderland. Cross-border cooperation is implemented in the EU borderland on local level, there exists free movement of population and economic and service links are being developed.

Eastern Borderland

At the beginning of 2011 the total number of population of Eastern borderland, with Daugavpils and Rezekne, was 304.0 thousand or 13.4 % of the total number of population of the country, while in 14 *novads* of Eastern borderland it was 166.9 thousand, or 7.5 %. The total area of Eastern borderland territories is 13.4 thousand km² (20.8 % of the country's territory).

The group of Eastern borderland *novads* includes Aglona, Aluksne, Baltnava, Balvi, Cibla, Dagda, Daugavpils, Karsava, Kraslava, Ludza, Rezekne, Rugaji, Vilaka and Zilupe *novads*. Eastern borderland is different from other parts of the territory of Latvia also because in the territories of Latgale region and Aluksne *novads*, which is a part of Vidzeme, at the border of Russia and Belarus there is a border zone defined with partial restrictions of personal freedom and economic activity as well as crossing of the state border is allowed only in the arranged border crossing points, the number of which is small.

Overall economic and demographic indicators of the borderland are lower than the average in *novads*, but the average indicators of Eastern borderland are even lower than generally in the whole borderland. The density of population of Eastern borderland is, on average, by one third lower than the average in *novads* and by two thirds lower than the average of Latvia. *Novads* of Eastern borderland are a category of territories where during the period from the beginning of 2006 to the beginning of 2011 the number of population has decreased most rapidly compared to the other territories of Latvia, and there are a great number of residents at retirement age in these territories. It characterises the situation of *outskirt* effect in which the territories of this group are.

The volume of personal income tax collected by Eastern borderland local governments per capita in 2010 composed 63 % of the average indicator of *novads* and only 51 % of the average collected in the country. Expressly small number of jobs and high unemployment level are present here – the level of unemployment in Eastern borderland *novads* is almost two times higher than the average of Latvia, while the number of economically active individual merchants and commercial companies per 1000 inhabitants is three times smaller than the average in Latvia.

Both big cities included in Eastern borderland, Daugavpils and Rezekne, are in a comparatively much better economic situation than the *novads* territories. Nevertheless, these cities also notably fall behind the other republican cities and also the average level of Latvia in several indicators. For example, the personal income tax revenue per capita in the budget of local government in 2010 in Daugavpils were only approximately 60–70 % from the average indicators of republican cities and Latvia. They were a little higher in Rezekne, but they also did not reach the above average indicators. Also according to the level of economic activity, the number of economically active individual merchants and commercial companies per 1000 inhabitants, big cities of Eastern borderland fall behind the average indicators of republican cities and the country. Overall, in the group of republican cities, Daugavpils has the worst indicators in changes in population number, personal income tax revenue per capita and the number of economically active individual merchants and commercial companies per 1000 inhabitants, but Rezekne has the worst unemployment indicators. However, Daugavpils and Rezekne are in the comparatively most favourable situation as to demographic burden indicators.

VIII REGIONAL DEVELOPMENT SUPPORT INSTRUMENTS MANAGED BY MRDLG AND SRDA

The contemporary world is mainly characterised by a free flow of capital; in case of the European Union – a free flow of labour. This feature affects the geographic concentration of resources and, as a result, increasing disparities in the level of development between economically successful and less successful territories as well. The task of regional policy is to ensure a balanced development of territories using regulatory, support and redistribution instruments managed by the state and local governments. In Latvia the leading state authority for the planning and coordination of state and regional development is the Ministry of Environmental Protection and Regional Development (since January 1, 2011), which was formed by merging the Ministry of Environment and the Ministry of Regional Development and Local Government. Subordinate to it is the State Regional Development Agency, which implements

regional policy. The existing territorial differences described in the preceding chapters of the survey and which would be even greater without the state-implemented measures, justify the need for a targeted state development policy, which could both enhance the competitiveness of individual territories and even out unfavourable disparities.

This section looks at support instruments for regional development that were under the supervision of MRDLG and SRDA in 2010. In 2010, these bodies led the implementation of a number of national support measures, activities for regional convergence financed through EU funds, EU support measures for territorial cooperation in Europe, measures of the financial mechanisms of the Norwegian government and the Swiss Confederation and social safety net measures. SRDA data were used in this chapter.

National Support Measures for Regional Development

In 2010, the following state (national) support measures or instruments for regional development were implemented under the management of MRDLG and SRDA:

- an earmarked grant for the development of spatial plans of planning regions and local governments and amendments thereto;
- an earmarked grant to local governments to provide free internet and computer use at local government public libraries.

The total amount of state budget funding in both state support instruments in 2010 constituted LVL 384 100, which was several times less than in the previous years (in 2007, the total funding of the national instruments managed by MRDLG and SRDA was LVL 60.5 million; in 2008 – LVL 78.3 million; in 2009 – LVL 17.4 million).

Earmarked Grants for Spatial Plans

A precondition for the sustainable development of local governments and regions is balancing of the interests of socioeconomic development and environmental protection. Moreover, the successful development of territories is unimaginable without the involvement of stakeholders and the consideration of the interests of residents living and companies and entities operating within a territory. Therefore, overall development planning and individual planning of territory use are very

important. Spatial planning is the spatial expression of the development vision of a local government, which determines the land-use and development policy. The development priorities specified in local government development programmes find expression in both territory zoning and the regulations for the use and development of the territory.

State support in territory development planning manifests itself as improvements to the development planning system, preparation of the methodology, and earmarked grants to local governments from the state budget, to prepare spatial plans.

Since January 1, the Ministry of Environmental Protection and Regional Development has assumed responsibility for the performance of the functions prescribed by the Spatial Planning Law. From the beginning of 2003 until the end of 2010, this function was performed by the Ministry of Regional Development and Local Government. Annual earmarked grants to local governments for the development of spatial plans have been provided in the state budget since 1996. The awarding of such grants in 2010 was governed by Cabinet Regulation No. 121 of 14 February 2006 "Procedures for the Awarding of Earmarked Grants for the Development of Spatial Plans of Planning Regions and Local Governments and Amendments Thereto" (as amended).

Since 2003, the earmarked grant is awarded for measures relating to the preparation of the spatial plan, including a strategic assessment of environmental impact. Whereas, for the development of local government

development programmes, funds are available from the European Social Fund (ESF) as part of Operational Programme 1, Activity 1.5.3.2 "Development Planning Capacity Building of Planning Regions and Local Governments". The progress of implementation of the activity will be dealt with in another sub-chapter.

Starting in 2008, the acceptance of applications for earmarked grants, the disbursement of the grants and the reviewing of reports on the utilisation of the grant awarded and the beneficiary's co-funding has been a function of SRDA. SRDA also provides the functions of the secretariat of the award commission of the earmarked grants required for the development of spatial plans.

In the period from 1996 to 2002, a total amount of LVL 5.76 million was awarded in earmarked grants for the development of spatial plans. In the period from 2003 to 2009 (included), nearly LVL 5 million has been awarded from the state budgets to local governments. Thus, by 2010, local governments had received approximately LVL 10 million for spatial planning. It has to be noted that the amount of the earmarked grants budgeted every year has been greater than the actual implementation, because not all local governments with an approved grant were able to implement it within the period prescribed in the Cabinet Regulation.

In 2010, SRDA disbursed earmarked grants to 22 *novads* local governments (Aizpute, Alsunga, Aluksne, Ape, Daugavpils, Dundaga, Grobina, Gulbene, Koceni, Kuldiga, Kegums, Limbazi, Livani, Ludza, Plavinas, Rezekne, Skrunda, Strenci, Talsi, Valka, Varkava and Ventspils *novads*) and to one republican city government – Jekabpils. The total amount of the grants disbursed was LVL 68 000.

Table 106 provides details on the distribution of earmarked grants intended for spatial planning among local governments within the planning regions in 2010 and the total volume of grants in the period from 2003 to (and including) 2010. The amount of the earmarked grants awarded in 2009 was LVL 369 100, in 2010 – LVL 68 000 (see also Fig. 103).

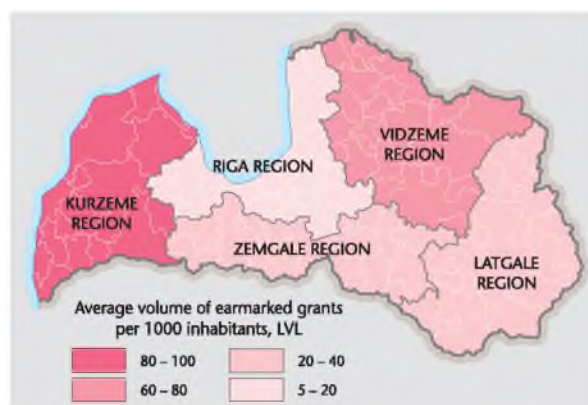


Figure 103. Average earmarked grants for spatial planning per 1000 inhabitants in the planning regions in 2010*.

In the overall distribution of the earmarked grants in 2010 one observes large differences among the regions, yet they even out over a longer period. In the period from 2003 to 2010, the Riga region had the lowest share in the total volume of the grants (17.4 %) and the Latgale region had the highest (22.5 %), which reflects the differences in the number of local governments prior to the administrative-territorial reform.

The large differences in the size of the earmarked grants per 1000 inhabitants between the Riga region and other regions in the period from 2003 to 2010 can be accounted for by the fact that, before the administrative-territorial reform, the average population per local government in the Riga region was many times larger than in other regions (nearly one half of the entire population of the country reside in the Riga region), whereas in 2010 the pronouncedly low values of the indicators for the Riga region were determined by the fact that only one local government within this region – Limbazi *novads* – received an earmarked grant for special planning.

Earmarked Grants for the Provision of Free Internet and Computer Use at Local Government Public Libraries

Since 2007, an earmarked grant is awarded to local governments to cover the costs arising from the provision of free internet access and computer use at local government public libraries.

The grant awarded to each specific library – and as a result, local government – has been calculated as an equal proportion of the total subscription costs of the library connections, which depend on the guaranteed data transmission speed. In 2007 local governments were granted LVL 700 000; in 2008 – LVL 940 400; in 2009 – LVL 403 800 and in 2010 – LVL 316 200. The decline in the amount of the earmarked grant can be explained by state budget consolidation measures: in 2008 the grant covered 100 % of the cost of free internet and computer use at local government public libraries; in 2009 the size of the grant provided only 50 % of

Planning region	Volume of earmarked grants in 2010, thsd. LVL	Total volume of earmarked grants in 2003–2010, thsd. LVL	Vol. of earmarked grants per 1000 inh. in 2010, LVL	Total volume of earmarked grants per 1000 inh. in 2003–2010, LVL	Share of earmarked grants in the total vol. in 2010, %	Share of earmarked grants in the total volume, 2003–2010, %
Riga region	6.4	841.8	5.8	769.2	9.4	17.4
Vidzeme region	16.0	929.2	68.8	3855.1	23.5	19.3
Kurzeme region	25.8	984.2	86.6	3215.9	38.0	20.4
Zemgale region	6.8	984.5	24.4	3463.0	10.0	20.4
Latgale region	13.0	1084.7	38.5	3056.2	19.1	22.5
In Latvia	68.0	4824.4	30.4	2115.4	100.0	100.0

Table 106. Earmarked grants for spatial plans in 2003–2010, distributed across planning regions*.

* Source: SRDA.

* Source: SRDA.

the necessary funds; in 2010 – only 40 %. In 2010 all 118 local governments received this earmarked grant.

Table 107 shows the distribution of the earmarked funds for the provision of free internet and computer use at local government public libraries awarded in 2010, across planning regions, whereas Figure 104 illustrates the funding of the earmarked grant per 1000 inhabitants in the planning regions.

Planning region	Volume of earmarked grants, thsd. LVL	Volume of earmarked grants per 1000 inh., LVL	Share of earmarked grants in the total volume, %
Riga region	62.1	56.8	19.6
Vidzeme region	58.4	251.4	18.5
Kurzeme region	71.3	239.1	22.5
Zemgale region	56.3	202.1	17.8
Latgale region	68.1	201.9	21.5
In Latvia	316.2	141.2	100.0

Table 107. Distribution of the earmarked grant for the provision of free internet and computer use at local government public libraries by planning region in 2010*.

The distribution of the overall amount of this earmarked grant across planning regions resembles that of the grant for spatial planning: the volume of the

grant per 1000 inhabitants in the Riga region is markedly lower than in the other regions. Such disparities can be explained by the fact that the amount of the grant is linked to the number of libraries and branch libraries within a region. Compared to the other planning regions, the Riga region has a larger population and higher population density by far; accordingly, a single library serves a larger number of residents than in other regions.

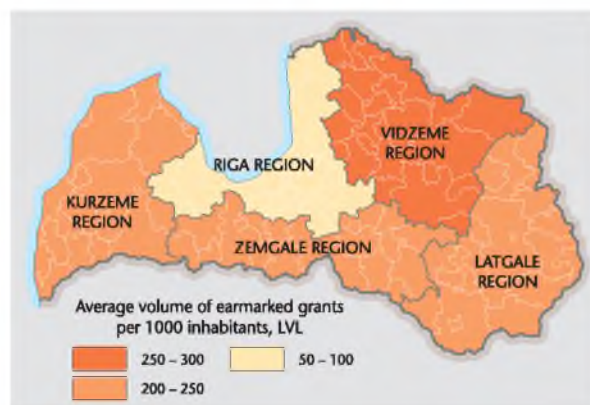


Figure 104. Average amount, per 1000 inhabitants, of the earmarked grants for the provision of free internet and computer use at local government public libraries in the planning regions in 2010*.

Implementation of EU Fund Activities

Currently, the Ministry of Environmental Protection and Regional Development (until January 1, 2011 – the Ministry of Regional Development and Local Government) and the State Regional Development Agency are involved in the implementation of the National Strategic Reference Framework (NSRF) for 2007–2013. MRDLG (until the end of 2010) and then MEPRD is the responsible authority, whereas SRDA was, and remains, the liaison body in a number of ESF and ERDF activities.

Table 108 provides an overview of total proposed EU fund financing, approved projects and payments made by December 31, 2010 in the activities and sub-activities under the supervision of MRDLG (now – MEPRD). The liaison body for sub-activity 3.2.2.1.1 and activity 3.2.2.2 is the Central Finance and Contracting Agency (CFCA); SRDA is the liaison body for all other activities. Furthermore, MRDLG (now – MEPRD) is the responsible authority for the implementation monitoring and coordination of the horizontal priorities “Balanced territorial development”, “International competitiveness of Riga city” and “Information society”, as set out in NSRF.

As is evident from the table, of the nine activities and sub-activities managed by MRDLG and SRDA, project support commenced in seven activities by the end of 2010; moreover, the implementation of three activities (1.5.3.1,

1.5.3.2 and 3.6.1.2) was initiated in 2010. Sub-activity 3.2.2.1.1 “Development of Information Systems and Electronic Services” is to be considered an activity of national importance. As part of it, support has been granted to state institutions to improve electronic services, and the outcome will affect the development of the entire territory of the country. The remaining six activities in which the provision of support has begun, have regional and local impact. Below, an overview is provided of the progress of implementation of all activities and sub-activities in the period from January 1, 2007 to December 31, 2010, which is only an interim stage in the implementation of the programmes.

In a regional cross-section, a relatively similar distribution in terms of the number of projects can be observed for the EU fund activities supervised by MRDLG and SRDA; however, in terms of funding of the approved projects and the disbursed funding, the Riga region significantly lags behind the other regions. This circumstance may be accounted for by the fact that the activities managed by MRDLG and SRDA are geared more towards the reduction of regional disparities, thus the Riga region, where the level of socioeconomic development is higher, receives less funding. The Vidzeme region had the greatest volume of EU and State budget co-funding for approved projects by

* Source: SRDA.

* Source: SRDA.

No.	Activity, EU fund	Assigned EU fund co-financing, thsd. LVL	Number of approved projects	EU fund co-financing in the approved projects, thsd. LVL	State budget co-financing in the approved projects, thsd. LVL	Total EU fund and state budget co-financing in the approved proj., thsd. LVL	Disbursed EU fund and state budget funding, thsd. LVL
1.5.3.1.	Attracting Specialists to Planning Regions, Towns and Amalgamated Novads (ESF)	2550	125	2505	-	2505	1090
1.5.3.2.	Development Planning Capacity Building of Planning Regions and Local Governments (ESF)	2550	73	2548	-	2548	1088
3.1.4.3.	Development of the Infrastructure of Pre-school Educational Establishments in Development Centres of National and Regional Importance (ERDF)	21 028	42	20 670	954	21 624	20 312
3.1.4.4.	Support for Improved Accessibility of Alternative Care Services (ERDF)	2548	23	2012	142	2155	1438
3.2.2.1.1.	Development of Information Systems and Electronic Services (ERDF)	96 945	44	63 695	-	63 695	9118
3.2.2.2.	Development of Public Internet Access Points (ERDF)	2550	-	-	-	-	-
3.6.1.1.	Promotion of Growth of National and Regional Development Centres for the Balanced Development of the Country (ERDF)	177 834	47	98 842	4448	103 290	99 636
3.6.1.2.	Sustainable Development of Riga (ERDF)	7028	1	2550	68	2618	500
3.6.2.1.	Support for the Complex Development of Novads Governments (ERDF)	8062	-	-	-	-	-
Total for all activities		321 095	355	192 822	5612	198 435	133 182

Table 108. Implementation progress of NSRF (2007–2013) activities and sub-activities supervised by MRDLG and SRDA in the period from January 1, 2007 to December 31, 2010*.

December 31, 2010 – 25 %. It is also interesting that the implementation of funds (payments made), compared to the distribution of the approved funding, is proportionally larger in the Latgale region (28 %) and the Kurzeme region (26 %) and smaller in the Zemgale and Vidzeme regions (18 % and 21 %, respectively), which may imply a swifter implementation of the projects in the Kurzeme and Latgale regions (see Table 109).

When viewed in a cross-section per 1000 inhabitants, the Vidzeme region was ahead of all other regions in terms of both the number of projects and the approved and disbursed funding. It was followed by the Zemgale region and the Kurzeme region. In the Riga region, there was an average of one approved project per 16 600 inhabitants, while in the Vidzeme region – one per 3200 inhabitants (see Table 110 and Fig. 105).

Planning region	Number of approved projects	Share, %	EU fund and state budget co-financing for approved projects, thsd. LVL	Share, %	Disbursed co-financing, thsd. LVL	Share, %
Riga region	66	21	11 366.3	8	8424.4	7
Vidzeme region	74	24	33 578.5	25	26 572.9	21
Kurzeme region	56	18	30 273.8	22	32 338.4	26
Zemgale region	55	18	30 126.2	22	22 254.8	18
Latgale region	60	19	29 394.6	22	34 473.0	28
In Latvia	311	100	134 739.5	100	124 063.5	100

Table 109. Distribution of the number of approved projects, approved project co-financing and disbursed co-financing across planning regions between January 1, 2007 and December 31, 2010 in EU fund-financed activities with local and regional impact supervised by MRDLG and SRDA*.

Planning region	Number of approved projects per 1000 inh.	Population per approved project	EU fund and state budget co-financing for approved projects per 1000 inh., LVL	Disbursed co-financing per 1000 inh., LVL
Riga region	0.06	16 578	10 388	7700
Vidzeme region	0.32	3153	143 915	113 890
Kurzeme region	0.19	5341	101 225	108 128
Zemgale region	0.20	5084	107 749	79 596
Latgale region	0.18	5655	86 626	101 592
In Latvia	0.14	7220	60 005	55 251

Table 110. The number of approved projects, approved project co-financing and disbursed co-financing across planning regions in EU fund-financed activities with local and regional impact between January 1, 2007 and December 31, 2010 in relation to the population, as distributed by planning region, supervised by MRDLG and SRDA*.

* Source: SRDA.

* Source: SRDA.

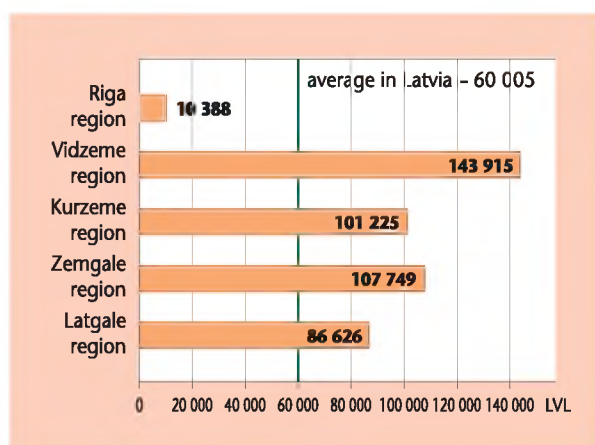


Figure 105. EU fund and State budget co-financing for the projects approved from January 1, 2007 to December 31, 2010, per 1000 inhabitants, in EU fund activities with local and regional impact across planning regions, supervised by MRDLG and SRDA*.

The subsequent sections describe the process of EU fund implementation in each of the activities managed by MRDLG and SRDA.

OP 1 activity 1.5.3.1 "Attracting Specialists to Planning Regions, Towns and Novads" (ESF)**

The objective of the activity is to build the administrative capacity of the planning regions, towns/cities and *novads* local governments by promoting the attraction of professionals meeting the needs of effective administration to institutions in the region and in local-level administration. The beneficiaries are the local governments of the cities of Daugavpils, Jekabpils,

Jelgava, Jurmala, Liepaja, Rezekne, Valmiera and Ventspils, *novads* local governments and planning regions. The activity is implemented by restricted selection of project applications.

The total funding available for the activity is LVL 2.55 million; ESF funding for the activity constitutes 100 %. By December 31, 2010 125 projects were approved with total ESF co-funding of LVL 2.505 million.

Table 111 summarises the details of the distribution of the activity funding by planning region and the payments made as part of the implementation of the activity by the end of 2010 (see also Fig. 106).

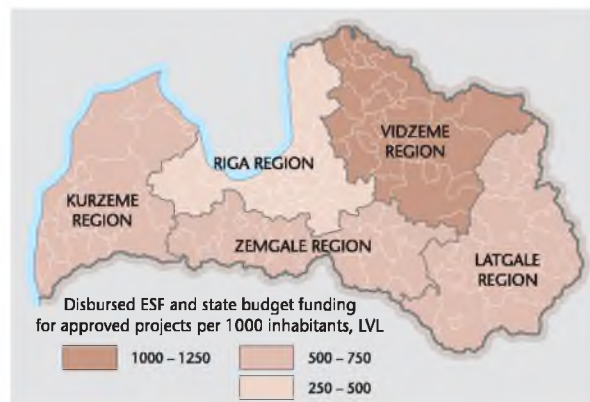


Figure 106. ESF and state budget funding disbursed per 1000 inhabitants in OP 1 Activity 1.5.3.1 "Attracting Specialists to Planning Regions, Towns and Novads" in the projects supported from January 1, 2007 to December 31, 2010 across planning regions*.

OP 1 Activity 1.5.3.2 "Development Planning Capacity Building of Planning Regions and Local Governments" (ESF)**

The objective of the activity is to build territory development planning capacity in order to ensure a quality territory development planning process at the national, regional and local level. Local governments are the beneficiaries. The activity is implemented by restricted selection of project applications.

The total funding available for the activity is LVL 2.55 million; ESF funding for the activity constitutes 100 %. By December 31, 2010, 73 projects were approved with total ESF co-funding of LVL 2.548 million.

Table 112 summarises the details of the distribution of the activity funding by planning region and the payments made as part of the implementation of the activity by the end of 2010 (see also Fig. 107).

Planning region	Number of approved projects	ESF and state budget co-financing for approved projects, thsd. LVL	Disbursed co-financing, thsd. LVL	ESF and state budget co-financing for approved projects per 1000 inh., LVL	Disbursed co-financing per 1000 inh., LVL
Riga region	32	583.8	249.6	533.6	228.1
Vidzeme region	29	565.9	259.2	2425.6	1110.9
Kurzeme region	20	429.4	166.7	1435.7	557.4
Zemgale region	23	477.3	209.1	1707.1	748.0
Latgale region	21	448.3	205.2	1321.3	604.6
In Latvia	125	2504.8	1089.8	1115.5	485.3

Table 111. Number of approved projects, approved and disbursed ESF and state budget financing in the OP 1 Activity 1.5.3.1 "Attracting Specialists to Planning Regions, Towns and Novads" from January 1, 2007 to December 31, 2010 across planning regions*.

* Source: SRDA.

** The implementation of the activity is governed by Cabinet Regulation No. 523 of June 6, 2010 "Regulations Regarding Activity 1.5.3.1 "Attracting Specialists to Planning Regions, Towns and Novads" of the Supplement of the Operational Programme "Human Resources and Employment".

* Source: SRDA.

** The implementation of the activity is governed by Cabinet Regulation No. 522 of June 8, 2010 "Regulations Regarding Activity 1.5.3.2 "Development Planning Capacity Building of Planning Regions and Local Governments" of the Supplement of the Operational Programme "Human Resources and Employment".

Planning region	Number of approved projects	ESF and state budget co-financing for approved projects, thsd. LVL	Disbursed co-financing, thsd. LVL	ESF and state budget co-financing for approved projects per 1000 inh., LVL	Disbursed co-financing per 1000 inh., LVL
Riga region	18	566.0	233.1	517.3	213.0
Vidzeme region	16	573.0	245.7	2456.0	1052.9
Kurzeme region	11	448.4	178.6	1499.2	597.0
Zemgale region	12	349.4	156.6	1249.7	560.1
Latgale region	16	611.6	274.1	1802.2	807.8
In Latvia	73	2548.4	1088.0	1134.9	484.5

Table 112. Number of approved projects, approved and disbursed ESF and state budget financing in the OP 1 Activity 1.5.3.2 "Development Planning Capacity Building of Planning Regions and Local Governments" from January 1, 2007 to December 31, 2010 across planning regions*.

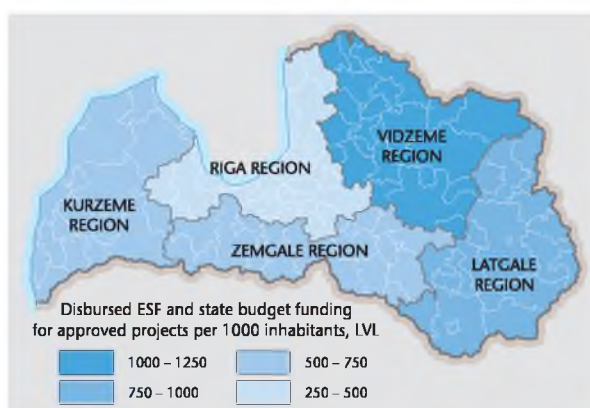


Figure 107. ESF and state budget funding disbursed per 1000 inhabitants in OP 1 Activity 1.5.3.2 "Development Planning Capacity Building of Planning Regions and Local Governments" in the projects supported from January 1, 2007 to December 31, 2010 across planning regions*.

OP 3 Activity 3.1.4.3 "Development of the Infrastructure of Pre-school Educational Establishments in Development Centres of National and Regional Importance" (ERDF)**

The objective of the activity is to promote equal employment opportunities, employment and the availability of services in development centres of national and regional importance*** by developing the infrastructure of pre-school educational establishments. Within this

* Source: SRDA.

** The implementation of the activity is governed by Cabinet Regulation No. 584 of July 22, 2008 "Regulations Regarding Activity 3.1.4.3 "Development of the Infrastructure of Pre-School Educational Establishments in Development Centres of National and Regional Importance" of the Supplement of the Operational Programme "Infrastructure and Services"".

*** Thirty local governments have the status of a centre of national and regional importance, of those nine city governments (the cities of Riga, Daugavpils, Jekabpils, Jelgava, Jurmala, Liepaja, Rezekne, Valmiera and Ventspils) and 21 novads governments (Cesis, Ogre, Bauska, Aizkraukle, Sigulda, Limbazi, Aluksne, Valka, Gulbene, Kuldiga, Madona, Saldus, Tukums, Smiltene Talsi, Dobeles, Kraslava, Balvi, Livani, Preili and Ludza novads).

activity, the beneficiaries are the local governments of development centres of national or regional importance or their institutions, registered in the register of taxpayers.

The activity is implemented by restricted selection of project applications. Based on the population, the number of children on the waiting list for places in pre-school establishments, the number of children at pre-school age and the number of places in kindergartens, quotas have been established for the planning regions and Riga.

The total funding available for the activity is LVL 24 738 895, of which European Regional Development Fund (ERDF) financing is LVL 21 027 895 and national funding is LVL 3 710 805. By the end of 2010, 42 projects have been approved as part of this activity with EU co-funding of LVL 20.67 million.

Table 113 shows the distribution of the projects approved, funding granted and payments made by December 31, 2010 across planning regions (also see Fig. 108).



Figure 108. Disbursed ERDF and state budget funding per 1000 inhabitants in OP 3 activity 3.1.4.3 "Development of the Infrastructure of Pre-school Educational Establishments in Development Centres of National and Regional Importance" in the projects supported from January 1, 2007 to December 31, 2010 across planning regions*.

The Riga planning region received the largest EU and state budget support in terms of volume, with the Vidzeme planning region receiving the smallest; however, the comparative indicator of funding per 1000 inhabitants was the highest in the Kurzeme region (LVL 15 000) and the lowest in the Riga region (LVL 6500).

This activity provides for both renovations of individual blocks of pre-school educational establishments and expansion of the institutions, as well as the construction of new pre-school educational establishments and improvements to their grounds.

According to the data of the 2010 public report of SRDA, the following results were achieved as part of the projects of this activity in 2010:

- 200 new jobs have been created and 356 existing jobs have been preserved;
- two kindergartens have been constructed anew, eight kindergartens have been reconstructed or renovated;
- 1990 new places have been created for children at pre-school educational establishments.

* Source: SRDA.

Planning region	Number of approved projects	ERDF co-financing for approved projects, thsd. LVL	State budget co-financing for approved projects, thsd. LVL	Total ERDF and state budget co-financing for approved projects, thsd. LVL	Disbursed co-financing, thsd. LVL	Total ERDF and state budget co-financing for approved projects per 1000 inh., LVL	Disbursed co-financing per 1000 inh., LVL
Riga region	8	6950.6	250.4	7201.0	7142.6	6581.4	6528.0
Vidzeme region	10	2671.4	115.7	2787.1	2324.0	11 945.2	9960.4
Kurzeme region	7	4068.0	233.0	4301.0	4497.3	14 381.2	15 037.3
Zemgale region	7	3283.8	140.0	3423.8	2552.0	12 245.5	9127.4
Latgale region	10	3695.9	214.8	3910.7	3795.8	11 524.8	11 186.2
In Latvia	42	20 669.8	953.9	21 623.7	20 311.7	9629.9	9045.6

Table 113. The number of approved projects, approved and disbursed ERDF and state budget funding in OP 3 activity 3.1.4.3 "Development of the Infrastructure of Pre-school Educational Establishments in Development Centres of National and Regional Importance" from January 1, 2007 to December 31, 2010 across planning regions*.

Compared to 2009, as a result of the projects implemented as part of this activity in 2010, the number of newly created jobs roughly doubled, whereas the number of preserved jobs increased threefold and the number of places for children at pre-school educational establishments grew 3.6 times.

In Latvia as a whole, the actual decrease of children on waiting lists for a kindergarten place in 2010 constituted 3.9 % compared to 2009 and 14.2 % compared to 2004.

In a regional cross-section, the largest number of newly created places for children at pre-school educational establishments as part of the projects was in the Riga planning region – 559 places. In the Zemgale region, 484 new places were created, with 466 places in the Kurzeme region, 388 in the Latgale region and 93 in the Vidzeme region.

OP 3 Activity 3.1.4.4 "Support for Improved Accessibility of Alternative Care Services" (ERDF)**

The objective of the activity is to promote equal employment opportunities by providing social care, social skill development, educational and leisure opportunities to children, disabled persons and retirement-age persons by developing the accessibility of alternative care services outside development centres of national and regional importance***. Local govern-

ments, municipal institutions, associations and foundations may be the beneficiaries.

The total funding available for the activity is LVL 2 997 840, of which ERDF funding is LVL 2 548 164 and national public funding – LVL 449 676.

The activity is implemented by open selection of project applications. In order to promote the balanced development of national territories, quotas have been established for the planning regions based on statistics with respect to the population, the number of day-care centres, the number of

Planning region	Number of approved projects	ERDF co-financing for approved projects, thsd. LVL	State budget co-financing for approved projects, thsd. LVL	Total ERDF and state budget co-financing for approved projects, thsd. LVL	Disbursed co-financing, thsd. LVL	Total ERDF and state budget co-financing for approved projects per 1000 inh., LVL	Disbursed co-financing per 1000 inh., LVL
Riga region	7	385.9	12.0	397.9	299.2	363.7	273.4
Vidzeme region	3	440.7	43.8	484.5	264.4	2076.4	1133.0
Kurzeme region	4	277.9	24.9	302.8	280.3	1012.4	937.4
Zemgale region	6	352.6	12.2	364.8	122.0	1304.7	436.2
Latgale region	3	555.3	49.6	604.9	472.1	1782.7	1391.3
In Latvia	23	2012.4	142.5	2154.9	1438.0	959.7	640.4

Table 114. Number of approved projects, approved and disbursed ERDF and state budget funding in OP 3 Activity 3.1.4.4 "Support for Improved Accessibility of Alternative Care Services" from January 1, 2007 to December 31, 2010 across planning regions*.

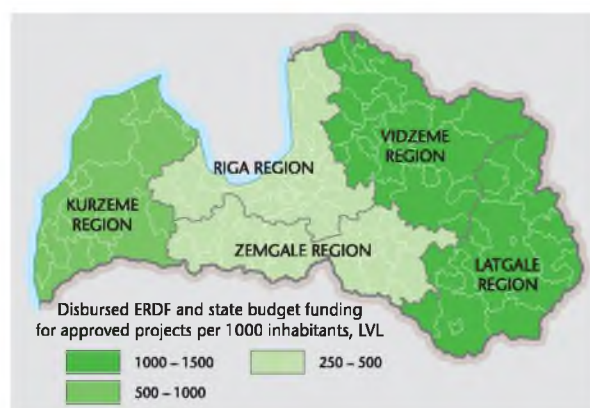


Figure 109. Disbursed ERDF and state budget funding per 1000 inhabitants in OP 3 Activity 3.1.4.4 "Support for Improved Accessibility of Alternative Care Services" in the projects supported from January 1, 2007 to December 31, 2010 across planning regions*.

* Source: SRDA.

** The implementation of the activity is governed by Cabinet Regulation No. 751 of September 15, 2008 "Regulations Regarding Activity 3.1.4.4 "Support for Improved Accessibility of Alternative Care Services" of the Supplement of the Operational Programme "Infrastructure and Services"".

*** The following have been designated as centres of national and regional importance as part of this activity: urban territories of the local governments of Riga, Daugavpils, Jelgava, Jekabpils, Jurmala, Liepaja, Rezekne, Valmiera, Cesis, Ventspils, Aluksne, Aizkraukle, Balvi, Bauska, Gulbene, Kraslava, Kuldiga, Limbazi, Livani, Ludza, Madona, Ogre, Preiļi, Saldus, Sigulda, Smiltene, Talsi, Tukums and Valka.

children at pre-school age and the number of persons with functional disorders.

By the end of 2010, 23 projects were approved as part of this activity with EU co-funding of LVL 2.01 million. The submitters of the approved projects are local governments or their institutions (see Table 114 and Fig. 109).

As part of this activity, by the end of 2010, the largest funding in terms of volume was received by the Latgale region, the largest support per 1000 inhabitants went to the Vidzeme region, whereas the greatest number of approved projects was in the Riga region.

As part of the approved projects, leisure centres for children, day-care centres for persons with limited mobility and crisis centres have been established, reconstructed and equipped.

OP 3 Sub-Activity 3.2.2.1.1 "Development of Information Systems and Electronic Services" (ERDF)*

Sub-activity 3.2.2.1.1 "Development of Information Systems and Electronic Services" is an activity of national importance. The objective of the activity is to effectively utilise the capabilities of information and communication technology (ICT) to improve the efficiency of public administration, to promote the digitisation, development, accessibility and quality of public services, to reduce administrative burdens on the public and businesses, to increase the public's opportunities to become involved in social processes, to develop information systems by providing a technological basis for the development of e-services and improving the circulation of information. The sub-activity is geared at the development of ICT infrastructure, including information systems and services, in a number of sectors – including healthcare, employment and social security, culture, etc. – by ensuring both access to information resources and by preserving such resources. The sub-activity also aims to develop and improve information systems intended for all or multiple public administration institutions by ensuring the coherence and integration of such information systems and to develop services that involve the participation of multiple public administration institutions and use multiple information systems.

The sub-activity is implemented by restricted selection of project applications in order to ensure unified and coordinated provision of support for the development of ICT infrastructure, and it has a clearly definable, limited circle of beneficiaries who are able to ensure the implementation of sub-activities.

The total ERDF funding available for the activity is LVL 96 944 798. By the end of 2010, 44 projects had been approved as part of the activity with EU co-funding of LVL 63 944 017, and refunds in the amount of LVL 9 118 067 were made to funding beneficiaries of the EU funds.

OP 3 Activity 3.2.2.2 "Development of Public Internet Access Points" (ERDF)**

The objective of the activity is to increase internet access opportunities for the widest possible range of social groups by facilitating access to electronic and other services and information provided by public administration entities and commercial companies to encourage the public's participation in the social, economic and cultural processes of society and raise their standard of living.

The target groups of the activity are residents and other users of public internet access points. Activity 3.2.2.2. will be implemented by restricted selection of project applications. The total funding available for the activity is LVL 3 million, including ERDF funding of LVL 2.55 million and state budget funding of LVL 450 000.

OP 3 Activity 3.6.1.1 "Promotion of Growth of National and Regional Development Centres for the Balanced Development of the Country" (ERDF)***

The objective of the activity is to ensure the growth of 16 development centres (towns/cities)**** of national and regional importance outside the Riga planning region by providing support for the implementation of projects developing the competitiveness, reachability or accessibility and attractiveness factors of the urban

* The implementation of the activity is governed by Cabinet Regulation No. 576 of July 21, 2008 "Regulations Regarding the First Round of Project Application Selection in Sub-Activity 3.2.2.1.1 "Development of Information Systems and Electronic Services" of the Supplement of the Operational Programme "Infrastructure and Services"; Cabinet Regulation No. 766 of August 10, 2010 "Regulations Regarding the Second Round of Project Application Selection in Sub-Activity 3.2.2.1.1 "Development of Information Systems and Electronic Services" of the Supplement of the Operational Programme "Infrastructure and Services"; and Cabinet Order No. 147 of March 15, 2010 "On the List of Priority Projects in the Development of Electronic Government and Information Society" and the annex thereto, "A list of priority projects of the ministries and the institutions under their subordination and supervision in the area of the development of electronic government and information society for the 2007–2013 Programming Period of the European Union structural funds".

** The implementation of the activity has not yet been commenced, the Cabinet Regulation governing the implementation is under development.

*** The implementation of the activity is governed by Cabinet Regulation No. 377 of May 27, 2008 "Regulations Regarding Activity 3.6.1.1 "Promotion of Growth of National and Regional Development Centres for the Balanced Development of the Country" of the Supplement of the Operational Programme "Infrastructure and Services".

**** Sixteen towns and cities with the status of a national and regional centre receive support as part of the activity: Daugavpils, Jekabpils, Jelgava, Rezekne, Valmiera, Ventspils, Aizkraukle, Cesis, Gulbene, Kuldiga, Livani, Madona, Saldus, Smiltene and Talsi.

environment and urban regions in accordance with integrated local government development programmes. The beneficiary of the funding within this activity is a local government of a development centre of national or regional importance or an institution thereof that has not been formed for the purpose of engaging in economic activity.

The total funding available for the activity is LVL 209 216 720, including ERDF funding of LVL 177 834 211 and national public funding of LVL 31 382 509.

The activity is implemented by restricted selection of project applications. By the end of 2010, contracts had been signed for the implementation of 47 projects with EU co-funding in the amount of LVL 98.84 million (see Table 115 and Fig. 110).

supported as part of this activity, as by the end of 2010 contracts were concluded for 55 % of the EU co-funding planned for the activity.

The needs and development capacity of local governments differ, and so do the projects supported as part of the activity – by sector and volume alike. The projects propose to renovate or create from scratch infrastructure for cultural and educational institutions and sites, including increasing energy efficiency; many projects propose the reconstruction of transport infrastructure (streets, squares, bridges) and utility lines; there is also a project to construct a business incubator (in Valmiera). In terms of the volume of eligible project costs, the largest project receiving support so far is the development of street infrastructure and improvement of the embankment of Driksa river in Jelgava (LVL 13.44 million).

Planning region	Number of approved projects	ERDF co-financing for approved projects, thsd. LVL	State budget co-financing for approved projects, thsd. LVL	Total ERDF and state budget co-financing for approved projects, thsd. LVL	Disbursed co-financing, thsd. LVL	Total ERDF and state budget co-financing for approved projects per 1000 inh., LVL	Disbursed co-financing per 1000 inh., LVL
Riga region	-	-	-	-	-	-	-
Vidzeme region	16	28 101.6	1066.4	29 168.0	23 479.7	125 011.9	100 632.4
Kurzeme region	14	23 578.3	1213.9	24 792.2	27 215.5	82 896.4	90 998.9
Zemgale region	7	24 668.3	842.6	25 510.9	19 215.1	91 242.0	68 724.4
Latgale region	10	22 493.5	1325.6	23 819.1	29 725.8	70 194.6	87 601.6
In Latvia	47	98 841.7	4448.5	103 290.2	99 636.1	89 714.4	86 540.6

Table 115. The number of approved projects, approved and disbursed ERDF and state budget funding in OP 3 Activity 3.6.1.1 "Promotion of Growth of National and Regional Development Centres for the Balanced Development of the Country" from January 1, 2007 to December 31, 2010 across planning regions*.

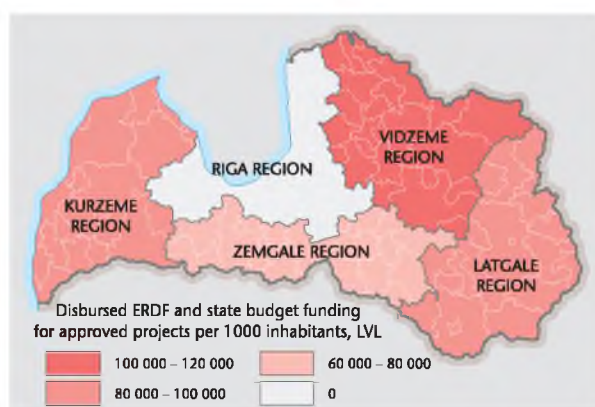


Figure 110. Disbursed ERDF and state budget funding in OP 3 Activity 3.6.1.1 "Promotion of Growth of National and Regional Development Centres for the Balanced Development of the Country" in the projects supported from January 1, 2007 to December 31, 2010 across planning regions*.

The data indicate that, by the end of the reporting period, the largest financing in terms of both the absolute volume and per 1000 inhabitants was received by the Vidzeme region. Another series of projects will be

The Riga planning region has not been included in this activity as a target territory, but another activity is provided for its development – 3.6.1.2 "Sustainable Development of Riga" (ERDF). The aim of this activity is to ensure the revitalisation (functional activation) of the degraded areas of the city of Riga in accordance with the integrated city government development programme, thus promoting the emergence of preconditions for future socio-economic growth of the capital of Latvia. The beneficiary of the funding is the Riga city government. The total funding provided for the activity is LVL 8 268 281,

of which ERDF funding is LVL 7 028 040 and national public funding is LVL 1 240 241. As part of the activity, one project has been approved by the end of 2010 – "Revitalisation of the Degraded Territory on the Street Block of Maskavas, Krasta and Turgeneva Streets" (total cost 3.03 million lats).

In addition, following a proposal by MRDLG, the priority "Polycentric Development" of the operational programme "Infrastructure and Services" has been expanded by creating a new activity – 3.6.2.1 "Support for the Complex Development of Novads Local Governments". On September 14, 2010, Cabinet Regulation No. 843 "Regulations Regarding Activity 3.6.2.1 "Support for the Complex Development of Novads Local Governments" of the Supplement of the Operational Programme "Infrastructure and Services" came into force. The total funding provided for the activity is LVL 9 848 399, of which ERDF funding is LVL 8 061 739 and national public funding is LVL 1 422 660.

Within this activity, project acceptance is proposed to take place as restricted selection of project applications. According to the provisions of Activity 3.6.2.1, support is provided for funding beneficiaries pursuant to the

* Source: SRDA.

development programme, and invitations are sent out following the approval of the development programme and project idea on the Coordination Council*. According to the provisions of Activity 3.6.2.1, the local governments of 18 *novads* have been designated beneficiaries of the funding (the governments of the *novads* of Aizpute, Aluksne, Balvi, Bauska, Daugavpils, Dobele, Grobina, Jelgava, Kraslava, Limbazi, Ludza, Ogre, Preili, Rezekne, Sigulda, Tukums, Valka and Ventspils).

By December 31, 2010, opinions were produced on the development programmes prepared at the local governments of the Limbazi and Valka *novads*, which were forwarded for approval at a Coordination Council meeting.

During the reporting period, the development of methodological materials for the evaluation of project applications was commenced. The first invitations to project applicants were sent out in the middle of June 2011.

EU Support for European Territorial Cooperation

The activities of NSRF operational programmes covered above are not the only programmes supported by the EU structural funds that were under the supervision of MRDLG in 2010. For the period 2007 to 2013, MRDLG (now – MEPRD) is also the national responsible authority for the policy development and coordination for the programmes of Objective 3 of the EU structural funds, “European Territorial Cooperation” (ETC). The task of the national responsible authority is to promote the implementation of ETC programmes and projects in Latvia and to encourage the activity of Latvian project applicants, thus promoting the utilisation of ERDF funding allocated to Latvia.

In the programming period 2007–2013, Latvia is participating in ten ETC programmes, eight of which are funded by the European Regional Development Fund, whereas two programmes are implemented with support from the European Neighbourhood and Partnership Instrument (ENPI). These programmes are as follows:

- “Estonia–Latvia Cross-Border Cooperation Programme”;
- “Latvia–Lithuania Cross-Border Cooperation Programme”;
- “Central Baltic Sea Region Cross-Border Cooperation Programme”;
- “Baltic Sea Region Transnational Cooperation Programme”;
- “Interregional cooperation programme INTERREG IVC”;
- “Programme for the development of urban environment, URBACT II”;
- “ESPON 2013 programme”;
- “Programme for the good governance of territorial cooperation programmes, INTERACT II”;
- “Estonia–Latvia–Russia Cross-Border Cooperation Programme as part of ENPI”;
- “Latvia–Lithuania–Belarus Cross-Border Cooperation Programme as part of ENPI”.

All projects in the ETC programmes are implemented on the basis of international (cross-border, transnational or interregional) cooperation, with partnerships always being formed between at least two member states. Furthermore, the implementation of ETC programmes is always prescribed by the provisions of the international treaties signed, while the budget is funded jointly by the member states involved in the respective programmes, and such funding is not divided between the countries in the project selection procedure. In Latvia the planning regions, state administration institutions and institutions under their supervision, local governments and institutions created by them, non-governmental organisations and, in some programs, private entrepreneurs are project partners in ETC programmes.

The total funding for the implementation of ETC programmes allocated by the European Commission to Latvia in the 2007–2013 programming period is 89.9 million euros or 63.2 million lats,* whereas the total available volume of funding available to the partners of Latvia in all of the above ETC programmes constitutes 501.8 million euros, or 352.7 million lats. In ETC programmes, the gain of the project partners of a particular member state may be greater than the national contribution to the programmes, therefore the amount of the Latvian funding implemented depends on the activity of Latvia’s partners in the cooperation projects.

The implementation of ETC programmes commenced in 2008. MEPRD data indicate that 224 projects were approved by the end of 2010:

- 156 projects involving Latvian partners were approved as part of the cross-border cooperation programmes in 2008–2010, with the total project budget of Latvian partners (ERDF funding and national funding) constituting 55.25 million lats. 74 projects were approved in the Latvia–Lithuania Programme, 36 projects in the Estonia–Latvia Programme, 38 projects in the Central Baltic Sea Region Programme and eight projects in the Latvia–Lithuania–Belarus Programme;

* The Coordination Council is a collegial advisory body whose aim is to ensure the evaluation, in conformity with the requirements, of the local government development programmes developed or updated by the potential beneficiaries of support in the ERDF priority for 2007–2013, “Polycentric Development”.

* The exchange rate established by the Bank of Latvia has been used in the calculations:
EUR 1 = LVL 0.702804.

- 51 projects involving the participation of Latvian partners were approved as part of the Baltic Sea Region Transnational Cooperation Programme. The project budget of the Latvian partners is 13.33 million lats;
- the interregional cooperation programme INTERREG IVC, the urban environment development programme URBACT II and the programme of the European Spatial Planning Observation Network, ESPON 2013 cover the entire territory of the European Union. Eleven projects with the participation of Latvian partners were approved in the INTERREG IVC programme, with the project budget of the Latvian partners forming 2.90 million lats. In the URBACT II programme, three projects were approved, with the EU and national funding for Latvian partners constitutes 1.25 million lats. In the ESPON 2013 programme, three projects have been approved, with the total budget of the Latvian partners of 47 400 lats.

The number of Latvian partners in the projects supported exceeds the number of projects, as each project may involve multiple Latvian partners.

■ **Estonia–Latvia Cross-Border Cooperation Programme**

The Estonia–Latvia Cross-Border Cooperation Programme supports cross-border cooperation projects between Estonian and Latvian partners within the programme territory (Kurzeme, Vidzeme and Riga regions in Latvia; Hiiumaa, Jõgeva, Lääne, Põlva, Pärnu, Saaremaa, Tartu, Valga, Võru and Viljandi regions in Estonia). This programme has three priorities:

- “Increased cohesion of the Programme area”;
- “Higher competitiveness of the Programme area”;
- “Active, sustainable and integrated communities”.

■ **Latvia–Lithuania Cross-Border Cooperation Programme**

The objective of the Latvia–Lithuania Cross-Border Cooperation Programme is to promote sustainable and equal socioeconomic development in border region to make it competitive for economic and business development and attractive for living and visiting. The eligible Programme areas in Latvia are the Kurzeme, Zemgale and Latgale regions; in Lithuania – the Klaipėda, Panevėžys, Šiauliai, Telšiai, Utena and Kaunas (as an additional territory) districts. Three priorities have been designated in the programme:

- “Encouragement of socioeconomic development and competitiveness of the region”;
- “Attractive living environment and development of sustainable community”;
- “Technical assistance – support for Programme implementation”.

■ **Latvia–Lithuania–Belarus Cross-Border Cooperation Programme**

The objective of the Latvia–Lithuania–Belarus Cross-Border Cooperation Programme is to promote sustainable and equal socioeconomic development of the border

region to make it competitive for economic and business development and attractive for living and visiting. The eligible Programme areas are the Latgale region in Latvia; the Utena, Vilnius and Alytus districts in Lithuania and the Grodno and Vitebsk regions in Belarus.

■ **Central Baltic Sea Region Cross-Border Cooperation Programme**

The vision of the Central Baltic Sea Region Cross-Border Cooperation Programme is to create a globally recognisable, dynamic and competitive region that is attractive for business and tourists and where people want to live, work and invest. The eligible territories of this programme in Latvia are the NUTS 3 regions: Kurzeme, Riga, Pieriga, as well as the Zemgale and Vidzeme regions adjacent to them, where lower funding (up to 20 %) was available for project activities from the ERDF funds. The Central Baltic Sea Region Programme incorporates three priorities:

- “Safe and healthy environment”;
- “Economically competitive and innovative region”;
- “Attractive and dynamic communities”.

■ **Baltic Sea Region Transnational Cooperation Programme**

The objective of the Baltic Sea Region Transnational Cooperation Programme is to promote transnational development towards a sustainable, competitive and territorially integrated Baltic Sea region. The following member states belong to the eligible Programme area: Denmark, Sweden, Finland, Estonia, Latvia, Lithuania, Germany (individual federal lands: Berlin, Bremen, Hamburg, Brandenburg, Mecklenburg–Western Pomerania, Schleswig–Holstein, the Lüneburg NUTS 2 area in Lower Saxony), as well as Norway and Belarus. The Programme has four priorities:

- “Fostering innovations in the entire Baltic Sea region”;
- “Improving the internal and external accessibility of the Baltic Sea region”;
- “Managing the Baltic Sea as a common resource”;
- “Attractive and competitive cities and regions”.

■ **Interregional Cooperation Programme INTERREG IVC**

The objective of the interregional cooperation programme INTERREG IVC is to support regional development policy in the areas of innovations, the knowledge economy, environment and risk prevention and to promote the economic modernisation and increased competitiveness of Europe. The eligible area of the Programme includes all 27 European Union member states, Norway and Switzerland. The Programme has three priorities:

- “Innovations and the knowledge economy”;
- “Environment and risk prevention”;
- “Technical assistance”.

■ **Urban Development Programme URBACT II**

The objective of the urban development programme URBACT II is to improve the effectiveness of sustainable, integrated urban development policy in Europe in order to implement the Lisbon and Gothenburg Strategy. The

Planning region	Estonia-Latvia Programme, thsd. LVL	Latvia-Lithuania Programme, thsd. LVL	Latvia-Lithuania-Belarus Programme, thsd. LVL	Central Baltic Programme, thsd. LVL	Baltic Sea Region Programme, thsd. LVL	INTERREG IVC, thsd. LVL	URBACT II, thsd. LVL	ESPON, thsd. LVL	Total, thsd. LVL
Riga region	5488.77	1268.65	489.53	5757.97	9599.49	855.98	88.07	29.33	23 577.80
Vidzeme region	1301.74	-	-	654.91	393.92	178.33	-	18.10	2547.00
Kurzeme region	2079.68	3891.16	-	828.04	259.40	-	-	-	7058.28
Zemgale region	369.55	5734.53	-	248.47	736.41	46.04	-	-	7135.00
Latgale region	72.73	8701.74	1396.73	-	212.25	80.28	-	-	10 463.73
Total in Latvia	9312.47	19 596.08	1886.27	7489.39	11 201.46	1160.64	88.07	47.44	50 781.81

Table 116. Total project budget of Latvia partners* in ETC programmes in projects approved from January 1, 2007 to December 31, 2010, as distributed across planning regions**.

Planning region	Estonia-Latvia Programme, thsd. LVL	Latvia-Lithuania Programme, thsd. LVL	Central Baltic Programme, thsd. LVL	Baltic Sea Region Programme, thsd. LVL	INTERREG IVC, thsd. LVL	URBACT II, thsd. LVL	ESPON, thsd. LVL	Total, thsd. LVL
Riga region	1084.92	319.34	1376.87	500.34	209.36	10.43	0.22	3501.48
Vidzeme region	858.77	-	42.67	-	15.69	-	1.91	919.04
Kurzeme region	472.62	475.62	-	58.24	-	-	-	1006.48
Zemgale region	142.53	1302.29	-	92.97	-	-	-	1537.80
Latgale region	29.27	2987.40	-	1.32	-	-	-	3018.00
Total in Latvia	2588.12	5084.66	1419.54	652.87	225.05	10.43	2.13	9982.79

Table 117. Payments made as part of ETC programmes between January 1, 2007 and December 31, 2010**.

Table 116 provides an overview of the total project budgets of Latvian partners (ERDF, ENPI and national co-funding combined) in ETC programme projects approved by the end of 2010 – in terms of their distribution across planning regions according to the contact addresses provided to the programme database by the Latvian partners in the projects or the basic area

of operations. In terms of volume, the largest funding was attracted in the Riga region (46 % of the entire funding for Latvian partners), with the second largest in the Latgale Region and with the lowest in the Vidzeme region. It must be noted that the distribution of project outcomes and impact across the regions may differ from the allocation of the funding, as the contact address location of the partners does not always correspond to the place of project implementation and the territory receiving the outcome.

- eligible area of the Programme encompasses all 27 European Union member states, Norway and Switzerland. The Programme has three priorities:
- "Cities: engines of growth and jobs";
 - "Attractive and socially cohesive cities";
 - "Technical assistance".

ESPON 2013 Programme

ESPON 2013 (European Observation Network for Territorial Development and Cohesion) has been created to support policy development and European scientific community building in the area of territorial development and spatial planning. Its main objective is to increase the volume of information and knowledge regarding territorial units, trends and policy impacts in Europe. The Programme involves all European Union member states, as well as partner states: Iceland, Liechtenstein, Norway and Switzerland. The Programme has five priorities:

- "Applied research";
- "Targeted analyses on user demand";
- "Scientific platform and tools";
- "Capitalisation of outcomes, ownership and participation";
- "Technical assistance, analytical support and communication".

Compared to the end of 2009, the proportion of the Riga region in the total budget of the approved projects increased (from 43 % to 46 %) at the end of

Planning region	Proportion of funding awarded	Proportion of funding disbursed
Riga region	46.4	35.1
Vidzeme region	5.0	9.2
Kurzeme region	13.9	10.1
Zemgale region	14.1	15.4
Latgale region	20.6	30.2
Total in Latvia	100.0	100.0

Table 118. Proportion of co-funding awarded and disbursed within ETC programmes between January 1, 2007 and December 31, 2010, in %*.

* The distribution of funding by regions has been shown according to the contact addresses provided by the Latvia project partners to MEPRD project database or according to the main area of operations of the beneficiary.

** Source: SRDA.

* Source: SRDA.

2010, whereas the share of funding of the Vidzeme, Kurzeme and Zemgale regions declined by one percent-age point, respectively.

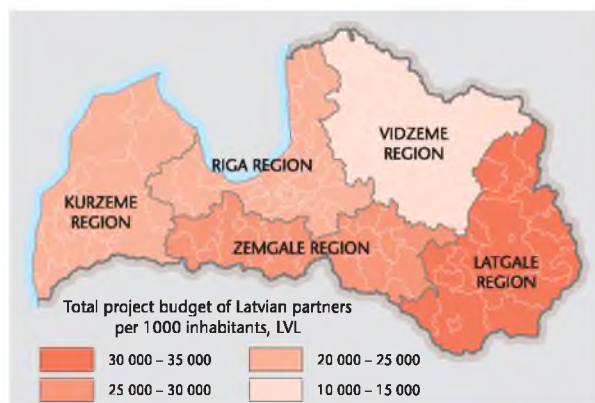


Figure 111. The total project budget of Latvian partners* in ETC programmes in the projects approved from January 1, 2007 to December 31, 2010, per 1000 inhabitants, as distributed across planning regions**.

Figure 111 indicates that, by the end of 2010, the highest funding for Latvian partners in ETC programmes per 1000 inhabitants was in the Latgale region, followed by the Zemgale, Kurzeme and Riga region, with the lowest funding per 1000 inhabitants in the Vidzeme region.

Table 117 summarises data on payments made as part of ETC programmes in the period from the beginning of 2007 to the end of 2010.

When comparing the share of funding awarded and disbursed within ETC programmes by region, it emerges that the share of the funding awarded in the Riga and Kurzeme regions is larger than that disbursed, whereas the share of the funding disbursed in the Vidzeme, Zemgale, and especially Latgale regions is greater than the share of the overall project budget. These differences may imply a swifter implementation of funding in, for example, the Latgale region, or differences in the programme reference periods and co-funding rates (see Table 118).

Other Support Instruments

Financial Mechanism of the Norwegian Government

In 2010, MRDLG oversaw two priorities of the bi-lateral financial mechanism of the Norwegian government: “Cross-Border Cooperation” and “Regional Policy and Development of Economic Activities”.

As part of the “Cross-Border Cooperation” programme of the priority “Cross-Border Cooperation”, ten sub-projects were implemented in 2010. The programme funded measures related to environmental protection, sustainable development, preservation of European cultural heritage, human resource development and education, development of regional policy and economic activities and academic research. In 2010, payments in the amount of LVL 411 190 were made as part of projects, of which co-funding from the financial mechanism of the Norwegian government made up 85 %, or LVL 349 510.

Nine individual projects were implemented as part of the priority “Regional Policy and Development of Economic Activities” and 13 sub-projects as part of the programme within the priority, “Promotion of the Development of Public and Private Partnership in Latvia”.

As part of the individual projects, measures were funded that were related to the promotion of local

and regional development, public and private partnerships, balanced economic development, collaborative networking among local governments, higher education and research institutions, social partners and companies, regional development institutions, state and local government institutions of Latvia and Norway, institutional capacity-building at regional development institutions, strengthening of research and evaluation capacities in the context of regional development. In 2010, payments in the amount of LVL 1 036 750 were made within projects, which included LVL 880 540 in funding from the financial mechanism of the Norwegian government.

The programme “Promotion of the Development of Public and Private Partnerships in Latvia” funded the development of financial and economic feasibility studies for public and private partnership projects and the preparation of tender documentation for a public and private partnership project, which included training for the employees involved in the sub-project. In 2010, payments in the amount of LVL 164 170 were made within projects, 85 % or LVL 139 540 of which originated from the financial mechanism of the Norwegian government.

MRDLG and SRDA also managed a special support scheme of the financial mechanism of the Norwegian government, the “Short-Term Expert Fund” grant scheme. As part of the grant scheme, consulting services were funded for regional and local development projects. The distribution of the payments made in 2010 by planning region are shown in Table 119. Of the amounts provided, 85 % was funding by the financial mechanism of the Norwegian government

* The distribution of funding by regions has been shown according to the contact addresses provided by the Latvia project partners to MEPRD project database or according to the main area of operations of the beneficiary.

** Source: SRDA.

Planning region	Disbursed funding, thsd. LVL	Disbursed funding, per 1000 inh., LVL
Riga region	115	105.3
Vidzeme region	-	-
Kurzeme region	-	-
Zemgale region	18	65.6
Latgale region	5	14.9

Table 119. Funding disbursed as part of the "Short-Term Expert Fund" grant scheme of the financial mechanism of the Norwegian government in 2010 by planning region*.

and 15 % was state co-funding. As is evident, funding was predominantly awarded to entities registered in the Riga region.

Financial Mechanism of the Swiss Confederation

In 2010, MRDLG and SRDA oversaw a project of the financial mechanism of the Swiss Confederation for the acquisition of school buses. The objective of the project is to improve the transportation system of schoolchildren in remote and less developed regions by providing transportation of schoolchildren from home to the educational establishment and back.

In order to assure the implementation of Swiss financial assistance, Cabinet Regulation No. 839 of December 4, 2007 was adopted to ratify the Framework Agreement of the Government of the Republic of Latvia and the Swiss Federal Council regarding the implementation of a Latvian-Swiss cooperation programme to reduce economic and social disparities in the enlarged European Union, signed by the parties on December 20, 2007. The Framework Agreement specifies the basic conditions for the awarding and use of funding within the Latvian-Swiss cooperation programme, the priorities to be supported and financial allocations, as well as the authorities responsible for the administration of the Latvian-Swiss cooperation programme.

At the end of 2008, MRDLG conducted an analysis of the transportation system of schoolchildren that involved a survey of the 26 former district councils, which provided data on more than 250 local governments requiring means for transporting schoolchildren. MRDLG formed a working group to provide proposals for the development of a project application (development of criteria).

Project partners were selected according to the following criteria:

- special rules for the technical specifications of the required bus;
- total number of schoolchildren within the local government who require transportation to school;
- length of the transportation routes of schoolchildren;

- school optimisation;
- an assessment of the local government bus fleet;
- provision of public transportation on the proposed route for the transportation of schoolchildren;
- territory development (level) index of the *novads*.

Taking these criteria into account, the new *novads* were ranked according to priority based on the score received in the assessment; thus, 59 *novads* governments were selected (and defined as partners for the purposes of the project), which had the greatest need for school buses following the transportation system analysis.

On August 11, 2009, an agreement was signed between the Ministry of Finance of the Republic of Latvia and the Swiss Confederation regarding the allocation of funding for the implementation of the project. In addition, on September 14, 2009, an agreement was signed between the Central Finance and Contracting Agency, SRDA and MRDLG regarding the implementation of the project.

The project funding constitutes CHF 20 885 355, which includes CHF 16 000 000 from the Swiss Confederation and CHF 4 885 355 from the Latvian budget, of which 10 % is local government funding.

The State Regional Development Agency ensured the conduct of the procurement procedure for the acquisition of school buses, which involved the selection of suppliers: SIA *Domenikss*, to supply school buses with 19+1 seats and 40+1 seats; and an association of suppliers consisting of SIA *Latusus*, UAB *Salociai ir Partneriai*, BMC *Sanayi ve Ticaret A.Ş.*, to supply school buses with 30+1 seats. In July 2010, contracts were signed for the delivery of 110 school buses for the total amount of CHF 17 850 441.50.

In 2010, 94 school buses were delivered to local governments.

Table 120 shows the distribution of the project funding by planning region. The largest funding, both in terms of total volume and per 1000 inhabitants went to local governments in the Latgale region, and the smallest, to local governments in the Riga region.

It must be noted that the acquisition of school buses for local governments was also funded as part of the implementation of the Social Safety Net Strategy.

Planning region	Disbursed funding, thsd. LVL	Disbursed funding, per 1000 inh., LVL
Riga region	1072.5	981.5
Vidzeme region	1588.8	6838.9
Kurzeme region	1990.0	6677.4
Zemgale region	1918.3	6887.0
Latgale region	2948.2	8737.9
In Latvia	9517.8	4250.9

Table 120. Funding disbursed by the financial mechanism of the Swiss Confederation for the acquisition of school buses in 2010, as distributed by planning region*.

* Source: SRDA.

* Source: SRDA.

Measures of the Social Safety Net Strategy

The Social Safety Net Strategy was ratified with Cabinet Order No. 490 of August 18, 2010 "On the Social Safety Net Strategy". It was developed to provide support to residents in the situation that emerged as a result of the global and Latvian financial and economic crisis and as a result of the structural reforms of a number of sectors. The Strategy provided for emergency safety measures in several areas:

- to provide a guaranteed minimum income (GMI) to needy persons while raising the GMI level;
- to provide work experience places within local governments, thus promoting employment;
- to ensure the availability of basic healthcare services and basic medicinal products to persons with low income;
- to provide transportation services in the educational system and the availability of pre-school education;
- to provide public transportation services to categories of passengers that have been assigned fare discounts.

As part of the Social Safety Net Strategy, SRDA administers two activities of the measure "Provision of transportation of schoolchildren to schools from settlements where schools have been closed as a result of educational reform":

- by compensating *novads* governments for the costs of the transportation of schoolchildren during the academic year;
- by awarding funds for the acquisition of buses for the transportation of schoolchildren.

These activities are intended to provide *novads* governments with a 90 % compensation of costs incurred by them when covering the transportation expenses of the students of general and vocational education institutions living within their administrative territory, and to finance 90 % of the cost of acquisition of buses – starting with May 29, 2009, due to the reorganisation or closing of educational institutions.

In 2010, compensations to cover transportation expenses of schoolchildren were paid to 45 local governments, whereas 62 local governments received financing for the acquisition of school buses.

The number of buses received by planning region was relatively uneven in 2010. Local governments in the Riga and Vidzeme regions received the most buses: 30 and 25 buses, respectively, whereas local governments in the Latgale region received the fewest – only eight buses. The Kurzeme region received 20 buses, while the Zemgale region received 16 buses.

In correspondence with the number of buses acquired, the distribution of funding among the regions was also rather inconsistent: the proportion of

the funding received by the Latgale region in the total volume of payments within this activity constituted 8.7 % (with the next lowest figure in the Zemgale region – 17.6 %). The low proportion of funding in the Latgale region can be accounted for by the fact that local governments of this region received 42 school buses as part of the Latvian–Swiss programme. At the same time, the Latgale region was the recipient of the largest proportion of funding compensating local governments for the expenses of transporting schoolchildren transportation to local governments in 2010 – LVL 148 900 or 35.5 % of the total funding for this activity (see Table 121).

If one considers the fact that local governments also received funding for the acquisition of school buses as part of the financial mechanism of the Swiss Confederation, then the Latgale region has received the most buses, 50. Local governments in the Kurzeme region received 43 buses, those in the Vidzeme region received 42, those in the Riga region – 39, and those in the Zemgale region – 35 buses.

Planning region	Compensations for transportation expenses, thsd. LVL	Co-financing for bus acquisition, thsd. LVL	Total payments to arrange transportation in the educational system, thsd. LVL	Payment volume per 1000 inhabitants, LVL	Share of co-financing for the acquisition of buses in the total volume, %	Share of payments to arrange transportation in the educational system in the total volume, %
Riga region	41.6	975.4	1017.0	930.7	31.7	29.1
Vidzeme region	73.6	760.3	833.9	3589.6	24.7	23.8
Kurzeme region	81.2	645.5	726.7	2438.5	21.0	20.8
Zemgale region	74.2	542.6	616.8	2214.3	17.6	17.6
Latgale region	148.9	153.7	302.6	896.9	5.0	8.7
In Latvia	419.6	3077.5	3497.1	1561.9	100.0	100.0

Table 121. Payments to provide transportation in the educational system as part of SRDA-administered measures in 2010*.

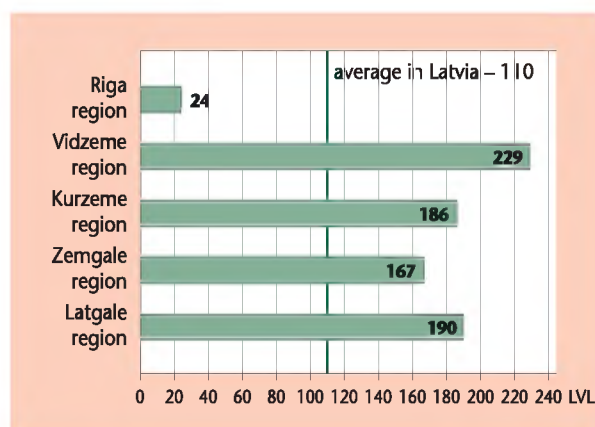


Figure 112. Payments made during 2008–2010 as part of the regional development support instruments managed by MRDLG and SRDA, per capita, by planning region*.

* Source: SRDA.

Table 122 summarises data on the payments made during 2008–2010 as part of the regional development support instruments managed by MRDLG and SRDA*.

Figure 112 specifies payments per capita by planning region. The largest volume of funding (26 %) during this period was received by the Latgale region, the smallest (11 %) – by

the Riga region. Whereas the funding per capita was the highest (LVL 229) in the Vidzeme region and the lowest (LVL 24) – in the Riga region.

In terms of payment volume per capita, the difference in the figures for the Riga region and the Latgale region is nearly tenfold, and the difference between the Riga region and the other three regions is sevenfold to eightfold. This can be explained by the fact

Planning region	Earmarked grants from the state budget, thsd. LVL	EU support for regional convergence, thsd. LVL	EU support for territorial cooperation in Europe, thsd. LVL	Financial mechanism of the Norwegian government, thsd. LVL	Financial mechanism of the Swiss Confederation, thsd. LVL	Social safety net support measures, thsd. LVL	Total funding received, thsd. LVL	Share, %	Funding received per capita, LVL
Riga region	11 415	8424	3501	2264	1073	1017	26 677	11	24
Vidzeme region	22 286	26 573	919	1456	1589	834	53 656	22	229
Kurzeme region	18 319	32 338	1006	1541	1990	727	55 921	23	186
Zemgale region	19 221	22 255	1538	1275	1918	617	46 823	19	167
Latgale region	23 664	34 473	3018	650	2948	303	65 056	26	190

Table 122. Payments made during 2008–2010 as part of the regional development support instruments managed by MRDLG and SRDA* by planning region**.

that the regional development instruments under the supervision of MRDLG and SRDA are predominantly geared towards the levelling of regional disparities. The funding per capita in all operational programme activities of the EU funds with regional and local impact is considerably higher especially in the Riga region. More details on these activities are provided in the next chapter.

* Except tax relief to companies operating in special assistance areas.

* Considering that all projects approved for funding from the financial mechanism of the Norwegian government for 2004–2009 must be completed by April 2011, the entire co-funding of the approved projects by the donor state was used in the calculations.

** Source: SRDA.

IX FINANCING OF THE EU FUND ACTION PROGRAMME ACTIVITIES FOR THE REGIONS

The financial assistance provided by the European Union towards economic and social development is a significant contribution to the regional development of Latvia, which is why a separate section is dedicated to the implementation of funding for EU fund activities in a regional cross-section.

EU financial instruments in Latvia for 2007–2013 operate based on the following national planning documents: the National Strategic Reference Framework (for 2007–2013), the Latvian Rural Development Programme (for 2007–2013) and the Operational Programme for the Implementation of the European Fisheries Fund Support in Latvia for 2007–2013.

The Ministry of Agriculture is responsible for the implementation of the Latvian Rural Development Programme, in accordance to support of the European Agricultural Fund for Rural Development (EAFRD) is managed, and the Operational Programme for the Implementation of the European Fisheries Fund Support in Latvia for 2007–2013.

The Ministry of Finance is the managing authority in the implementation of the National Strategic Reference Framework (for 2007–2013). The NSRF financial instruments under which Latvia receives financial assistance are the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF). ERDF, ESF and CF investment towards the solution of the issues specified in NSRF and the achievement of the objectives put forward is conducted through three operational programmes (DPs):

- 1. OP “Human Resources and Employment” is an ESF operational programme;
- 2. OP “Entrepreneurship and Innovations” is an ERDF operational programme;
- 3. OP “Infrastructure and Services” is an ERDF and CF operational programme.

This chapter summarises the implementation data for all NSRF financial instruments (ERDF, ESF, CF). Information has been summarised regarding the payments made between January 1, 2007 and February 1, 2011 to project implementers with whom contracts for the implementation of the projects were concluded by December 31, 2010*. From the perspective of regional development, funding that has been disbursed is more important than the total values of approved projects or signed contracts, as it provides information on investments actually made in a specific territory. EU fund payment data have been presented by operational programme and by planning region.

* Information on technical assistance funding has not been included (Activities 1.6.1.1, 2.4.1.1, 3.7.1.1 and 3.8.1.1.).

Total EU Fund Financing in the Regions

The volume of the EU fund investment disbursed between January 1, 2007 and February 1, 2011 reached 1 071.9 million lats. More than half of the amount disbursed (629.8 million lats or 58.8 %) consisted of funding for EU fund activities and sub-activities (hereinafter within the chapter: activities) with regional and local impact. In determining the allocation of the activities into categories, the scale of operations of the beneficiaries provided for in the provisions for the implementation of an activity and the actual beneficiaries was the main assessment criterion, considering that the only investments relevant for regional development are investments with a regional and/or local scale. At the same time, aspects such as the territorial scale of the outcomes of the implementation of an activity specified in the supplements to the operational programmes and the project implementation territory specified in the approved project applications were considered.

It has to be noted that the share of funding with regional and local impact rose compared to the previous reporting period (2007–2009), from 47.3 % to 58.8 % (see Fig. 113).

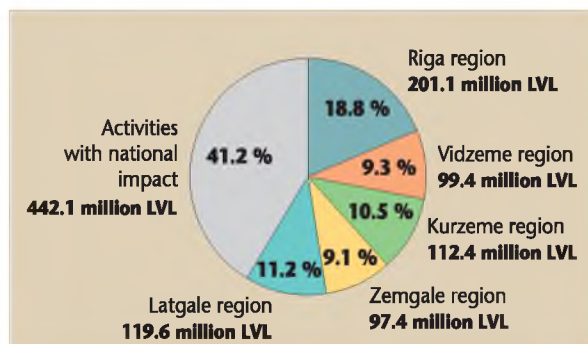


Figure 113. Volume and proportion of EU fund investments by planning regions and according to the impact of the activities in the period between January 1, 2007 and February 1, 2011*.

When the sites of investment in activities with national impact are assessed, it can be concluded that the largest EU investment was attracted to the Riga region (353.7 million lats, or 80 % of the total volume, with 99.2 % of the payments made in Riga), followed by the Latgale region with funding raised in the amount of 40.8 million lats or 9.2 %; the Zemgale region with 27.0 million lats or 6.1 %; the Kurzeme region with 20.2 million lats, or 4.6 %; and the Vidzeme region with LVL 325 000 or 0.07 %. Such

* According to the “Report on the Implementation of the Horizontal Priorities “Balanced territorial development” and “International competitiveness of Riga city” in 2007–2010”, produced by MEPRD.

distribution of funding can be accounted for by the concentration of state administration institutions, companies and business support entities in Riga.

One third of the total EU fund financing with regional and local impact was raised by the Riga region, followed with the Latgale region with 19.0 %, the Kurzeme region with 17.8 %, the Vidzeme region with 15.8 % and the Zemgale region with 15.5 % of the funding. The funding received by the Riga region was 2.1 times greater than that received by the Zemgale region in activities with regional and local impact and 2.3 times greater in activities with local impact only. It is noteworthy that Latgale – the region with the lowest territory development index, the lowest territory development change index and the lowest GDP per capita – received the second largest funding as part of all operational programmes in activities with regional and local impact. This can be explained by the relatively large investment raised (more than 10 million lats) as part of the operational programme “Infrastructure and Services”, including for upgrades of the premises and equipment of higher education institutions, development of water management infrastructure, and the promotion of the growth of national and regional development centres (see Fig. 114).

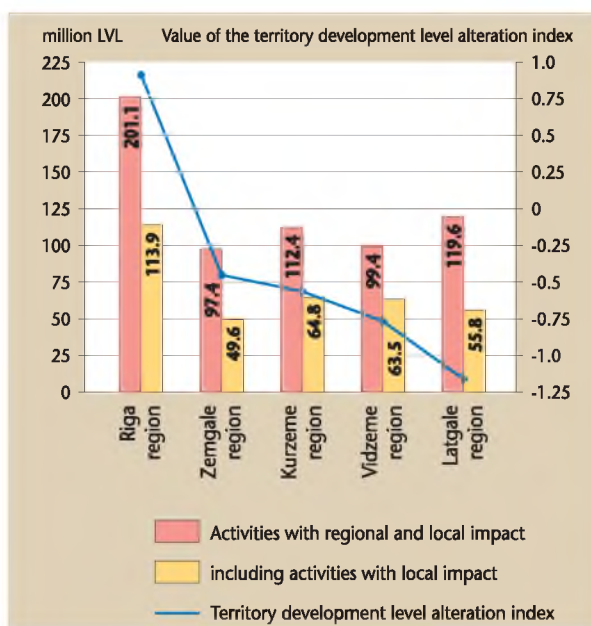


Figure 114. Investments from EU fund activities with regional and local impact in the planning regions between January 1, 2007 and February 1, 2011. The territory development change index based on 2010 data has been used for purposes of comparison with the average indicators in 2009*.

It is evident from reviewing the per capita funding in the regions in activities with regional and local impact that the Vidzeme region attracted the largest volume of funding, while the Riga region attracted the least funding – which are, respectively, the regions with the low-

est and highest population. The funding received by the Vidzeme region per capita was 2.3 times the indicator for the Riga region in activities with regional and local impact and 2.6 times in activities with local impact. The average activity funding per capita in Latvia was LVL 280, of which in activities with local impact – LVL 155. Altogether, the Vidzeme, Kurzeme, Zemgale and Latgale planning regions as territories with a lower value of the territory development change index attracted a larger volume of financing per capita than the Riga region (see Fig. 115).

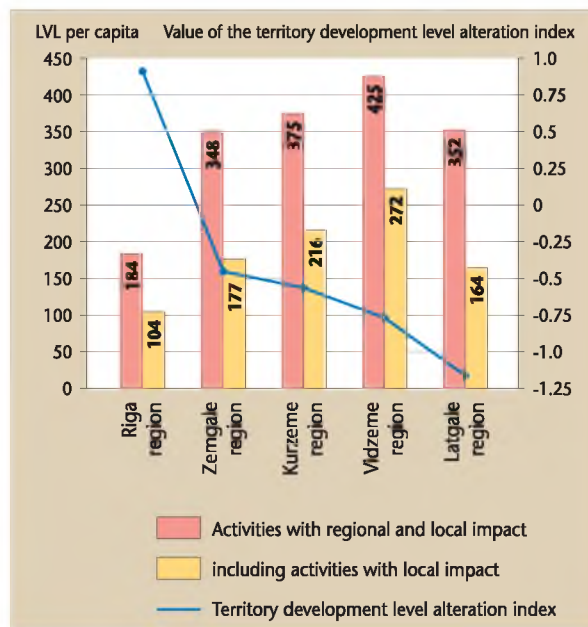


Figure 115. Investments of EU fund activities with regional and local impact per capita in the planning regions between January 1, 2007 and February 1, 2011. The territory development change index based on 2010 data has been used for purposes of comparison with the average indicators in 2009*.

When comparing the distribution of the payments made in activities with regional and local impact by operational programme, it is evident that the operational programme “Infrastructure and Services” represents the largest proportion (82.6 %) (see Fig. 116).

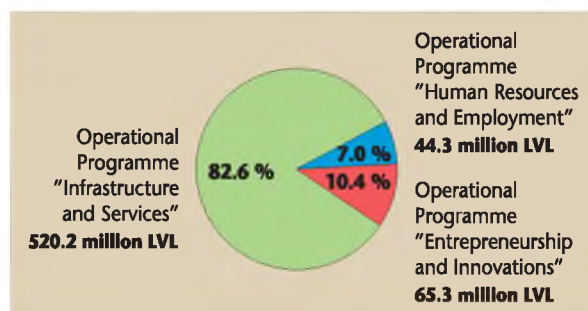


Figure 116. Investments of EU fund activities with regional and local impact by operational programme between January 1, 2007 and February 1, 2011*.

* According to the “Report on the Implementation of the Horizontal Priorities “Balanced territorial development” and “International competitiveness of Riga city” in 2007–2010”, produced by MEPRD.

* According to the “Report on the Implementation of the Horizontal Priorities “Balanced territorial development” and “International competitiveness of Riga city” in 2007–2010”, produced by MEPRD.

Funding of the Operational Programme "Human Resources and Employment"

Activities of the operational programme "Human Resources and Employment" with regional impact provide support for the promotion of science, higher education, vocational education and inclusive education and assists the development of social care services in the regions. Activities of the operational programme "Human Resources and Employment" with local impact support entrepreneur-arranged training and attraction of highly qualified employees to companies, along with capacity building in the planning regions, local governments and non-governmental organisations.

A considerable share (65.6 %) of the funding in activities with regional and local impact was attracted by the Riga region, while the Vidzeme region only received 2.7 % of the funding*. Among the remaining regions, the activity funding was distributed fairly evenly – between 86 % and 12.8 % (see Table 123).

Planning region	Financing for activities with regional and local impact		including activities with local impact	
	total, million LVL	per capita, LVL	total, million LVL	per capita, LVL
Riga region	29.1	26.5	2.7	2.5
Vidzeme region	1.2	5.1	0.7	2.8
Kurzeme region	3.8	12.7	0.6	2.1
Zemgale region	4.6	16.4	0.8	2.9
Latgale region	5.7	16.6	0.7	2.0
In Latvia	44.3	19.7	5.5	2.4

Table 123. Investments of the EU fund activities of the operational programme "Human Resources and Employment" with regional and local impact in the planning regions between January 1, 2007 and February 1, 2011**.

Compared to the preceding reporting period (2007–2009), the proportion of the funding attracted to the Riga region in the period between January 1, 2007 and February 1, 2011 showed almost no change. In both periods under review, the Vidzeme region had the lowest volumes of funding raised, while its proportion in the overall volume increased slightly – from 1.3 % to 2.7 %.

When assessing the funding attracted to the regions in terms of its distribution across the activities, it can be concluded that the Riga, Latgale, Zemgale and Kurzeme regions raised the largest volume of funding (more than 1 million lats) as support for the promotion of science and higher education (in particular, the implementation of doctoral study programmes; in the Riga region – also to implement master's study programmes).

* Only disbursed funding has been taken into account and not projects submitted or contracts concluded – which may reflect a different situation in the raising of funds.

** According to the "Report on the Implementation of the Horizontal Priorities "Balanced territorial development" and "International competitiveness of Riga city" in 2007–2010", produced by MEPRD.

At the same time, the Riga region also attracted considerable funding for training organised by entrepreneurs. The Vidzeme region raised the largest volume of funding (more than 1 million lats) for the development of social care services in the region.

The distribution of funding for activities with local impact only had a much more even distribution among the regions: the ratio between the highest and the lowest value was 4.1, whereas for activities with regional and local impact, this ratio equalled 24.5.

A comparison of funding for activities with regional and local impact per capita across regions indicates that the Riga region received the most of it (LVL 26.5), but the Vidzeme region – the least (LVL 5.1). When the funding for activities with local impact are compared, the largest funding per capita was attracted by the Zemgale region (LVL 2.9), the smallest – by the Latgale region (LVL 2.0).

Funding of the Operational Programme "Entrepreneurship and Innovations"

Activities of the operational programme "Entrepreneurship and Innovations" with regional impact provide support for the development of science and research and for technology transfer; activities with local impact: for the development of new products and technologies and their introduction into production, for large-scale investment projects for the manufacture of high value-added products, for marketing activities to enter foreign markets, and for the development of business activity in specially assisted areas.

As part of the activities reviewed, a considerable share of the funding was raised by the Riga and Kurzeme regions (50.8 % and 26.7 %, respectively, of the total volume in activities with regional and local impact), while the Zemgale, Latgale and Vidzeme regions received a funding share between 6.1 % and 8.5 % (see Table 124).

Planning region	Financing for activities with regional and local impact		including activities with local impact	
	total, million LVL	per capita, LVL	total, million LVL	per capita, LVL
Riga region	33.2	30.3	26.6	24.3
Vidzeme region	5.6	23.8	5.5	23.8
Kurzeme region	17.4	58.2	17.1	57.0
Zemgale region	4.0	14.3	3.2	11.5
Latgale region	5.1	15.1	4.6	13.6
In Latvia	65.3	29.0	57.0	25.4

Table 124. Investments of activities in the EU fund operational programme "Entrepreneurship and Innovations" with regional and local impact in the planning regions between January 1, 2007 and February 1, 2011*.

* According to the "Report on the Implementation of the Horizontal Priorities "Balanced territorial development" and "International competitiveness of Riga city" in 2007–2010", produced by MEPRD.

Compared to the preceding reporting period (2007–2009), in the period between January 1, 2007 and February 1, 2011, the proportion of funding raised for the Riga region increased from 41.5 % to 50.8 %, thus strengthening the disparities in the proportion of funding for entrepreneurship and innovations received by the Riga region and the rest regions. At the same time, the proportion of the funding attracted to the Kurzeme region rose considerably – from 5.6 % to 26.7 %.

The Kurzeme, Vidzeme and Latgale regions attracted a significant volume of funding (more than 1 million lats) for the development of business activity in specially assisted areas – the Kurzeme, Latgale, Riga and Zemgale regions, for projects to manufacture high value-added products; the Kurzeme, Riga, Vidzeme and Zemgale regions, for the introduction of new products and technologies into production. In addition, the Riga region raised considerable investment to support the development of science and research, development of new products and technologies and marketing activities to enter foreign markets.

A comparison of the funding of the activities per capita in the regions shows that the Kurzeme region received considerably larger funding per capita than others. The ratio of funding received for activities with regional and local impact and activities with local impact only for the Kurzeme region versus the Zemgale region (the region with the lowest per capita funding volume) was relatively large: 4.1 and 5.0, respectively.

The considerable differences in funding per capita can be accounted for by the fact that more financially voluminous projects were submitted from the Kurzeme region (mainly in Activity 2.1.2.4 “High Value-Added Investments”).

The average funding for the activities with regional and local impact in this operational programme per capita in Latvia constituted LVL 29.0, of which activities with local impact – LVL 25.4. No significant correlation between the funding volume of the activities of this operational programme per capita and the territory development level (index) can be established.

Funding of the Operational Programme “Infrastructure and Services”

The payments made as part of the activities of the operational programme “Infrastructure and Services” in the period under review constituted 520.2 million lats, or 80.2 % of the funding paid out as part of all three operational programmes.

Activities of the operational programme “Infrastructure and services” with regional impact provide support for the development of infrastructure in higher, vocational and special education, the development of emergency medical services, the development of infrastructure in in-patient healthcare, the development of regional motor roads, the development of small ports, the development of the railway transportation system in Pieriga, the development of cultural infrastructure of national and regional importance, the development of

regional waste management systems, as well as the promotion of the competitiveness of national and regional development centres. Activities with local impact, in their turn, support the development of infrastructure of pre-school and secondary education; the development of services of general practitioner, health centre and alternative care services; development of transportation, water management, waste management and heating supply infrastructure in settlements; heat insulation of buildings and use of renewable energy resources for the development of cogeneration power stations; and the preservation of cultural heritage.

In a regional cross-section, the funding disbursed as part of the activities surveyed was distributed fairly evenly, ranging between 17.1 % and 26.7 %. The largest volume of funding ended up in the Riga region (26.7 % of the total funding) and the Latgale region (20.9 %). Compared to the previous reporting period (2007–2009), the proportion of the funding attracted to the Riga region in the period between January 1, 2007 and February 1, 2011 rose from 22.6 % to 26.7 %, whereas the proportion attracted to the Zemgale region – which had had the lowest funding level previously – grew from 13.5 % to 17.1 %, which enabled it to approach the indicators of the other regions.

When evaluating the funding raised in the regions in terms of activities, it can be concluded that financially voluminous investments (more than 5 million lats) in the Kurzeme, Vidzeme, Latgale and Zemgale regions were raised for the development of water management infrastructure and the promotion of competitiveness of national and regional development centres; additionally, in the Zemgale and Latgale regions: for the development of higher education infrastructure; in the Zemgale region: the development of regional waste management systems. The Riga region raised a considerable volume of funding (more than 10 million lats) for the development of pre-school and higher education infrastructure, the development of in-patient healthcare infrastructure and infrastructure for the radiotherapy treatment of cancer patients, the development of the railway transportation system in Pieriga, and for the streamlining of the water management infrastructure.

The ratio of the funding volume received for activities with regional and local impact and activities with local impact between the Riga and Zemgale region was small: 1.6 and 1.9, respectively. It can therefore be concluded that this is the only operational programme in which the funding paid out has been distributed evenly among the regions: in the other operational programmes, the Riga region is clearly ahead in terms of the funding volume received (see Table 125).

A comparison of the funding per capita in activities with regional and local impact indicates that the largest volume of funding per capita was attracted by the Vidzeme region (LVL 396.6), and the smallest – by the Riga region (LVL 126.7), which are regions with the smallest and largest population, respectively. This difference is similar both in activities with regional and local impact combined (a difference of 3.1 times) and in local-scale activities alone (3.2 times).

Planning region	Financing for activities with regional and local impact		including activities with local impact	
	total, million LVL	per capita, LVL	total, million LVL	per capita, LVL
Riga region	138.9	126.7	84.6	77.2
Vidzeme region	92.6	396.6	57.3	245.3
Kurzeme region	91.1	304.2	47.1	157.2
Zemgale region	88.8	317.4	45.6	163.0
Latgale region	108.8	320.2	50.5	148.6
In Latvia	520.2	231.4	285.1	126.8

Table 125. Investments of the activities with regional and local impact of the EU fund operational programme "Infrastructure and Services" in the planning regions between January 1, 2007 and February 1, 2011*.

The proportion of the funding raised by the Riga region is lower than the share of its population, whereas the inverse is the case with the other regions. The average per capita national funding of activities with regional and local impact in the operational programme "Infrastructure and Services" constitutes LVL 231.4, including activities with local impact – LVL 126.8. More funding per capita was attracted by the regions with a lower territory development change index per capita.

Investments of the EU Funds in Local Governments

The funding of the EU fund activities surveyed with local impact in the period between January 1, 2007 and February 1, 2011 was 347.5 million lats, or 32.4 % of the volume of EU fund contributions disbursed.

Funding within the operational programme "Infrastructure and Services" constituted a considerable proportion (82.0 %) of the investments in activities with

local impact. Funding of the operational programme "Entrepreneurship and Innovations" constituted 16.4 %, whereas that of the operational programme "Human Resources and Employment", only 1.6 % (see Fig. 117).

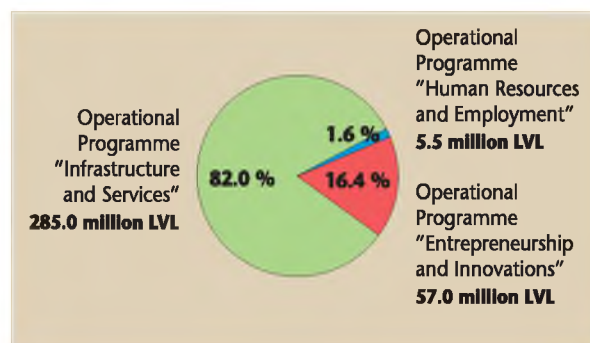


Figure 117. Investments of EU fund activities with local impact by operational programme in the period between January 1, 2007 and February 1, 2011*.

Investments of the EU Funds in Republican Cities

The average funding of activities with local impact per capita in the period between January 1, 2007 and February 1, 2011 was LVL 92 in the republican cities and LVL 219 in novads.

The largest volume of funding of activities with local impact among the group of republican cities was received by Riga (32.4 million lats), followed by Ventspils (21.2 million lats), Jelgava (10.7 million lats) and Jekabpils (10.5 million lats). Investments in the remaining republican cities did not exceed 8 million lats. The funding volume raised by Riga was 7.1 times that attracted by Rezekne. The average volume of funding per republican city constituted 11.7 million lats (see Table 126 and Fig. 118).

Republican city	Operational Programme "Human Resources and Employment"		Operational Programme "Entrepreneurship and Innovations"		Operational Programme "Infrastructure and Services"		EU fund activities with local impact	
	total, million LVL	per capita, LVL	total, million LVL	per capita, LVL	total, million LVL	per capita, LVL	total, million LVL	per capita, LVL
Riga	1.63	2.3	16.05	22.8	14.71	20.9	32.39	46.0
Daugavpils	0.06	0.6	1.63	15.9	4.15	40.5	5.85	57.1
Jekabpils	0.16	6.2	0.01	0.5	10.33	393.2	10.51	399.8
Jelgava	0.07	1.1	1.17	18.1	9.46	146.6	10.69	165.8
Jurmala	0.01	0.2	0.10	1.8	7.59	135.4	7.70	137.4
Liepaja	0.13	1.6	0.11	1.3	6.20	74.3	6.44	77.2
Rezekne	0.11	3.1	0.00	0.0	4.43	128.0	4.54	131.1
Valmiera	0.06	2.1	0.18	6.5	5.60	207.1	5.83	215.7
Ventspils	0.09	2.0	12.89	303.3	8.27	194.6	21.25	499.9
Total	2.33	2.0	32.14	28.2	70.74	62.0	105.21	92.2

Table 126. Investment of EU fund activities with local impact in the republican cities between January 1, 2007 and February 1, 2011*.

* According to the "Report on the Implementation of the Horizontal Priorities "Balanced territorial development" and "International competitiveness of Riga city" in 2007–2010", produced by MEPRD.

* According to the "Report on the Implementation of the Horizontal Priorities "Balanced territorial development" and "International competitiveness of Riga city" in 2007–2010", produced by MEPRD.

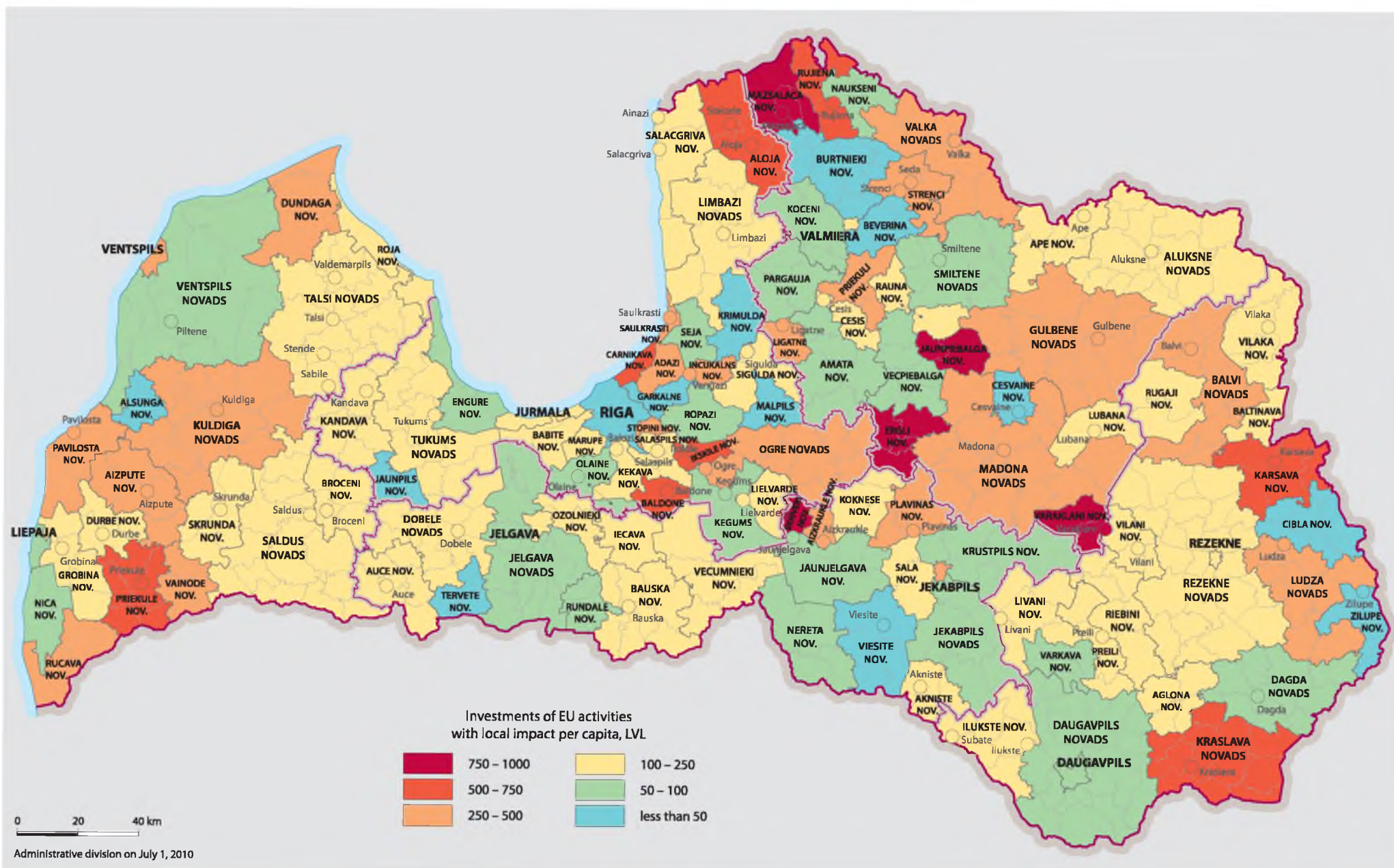


Figure 118. Distribution of investments of EU fund activities with local impact per capita in the period between January 1, 2007 and February 1, 2011 across local government territories*.

* MEPRD data.

If investments in activities are compared per capita, the largest funding was received by Ventspils (LVL 499.9), followed by Jekabpils (LVL 399.8) and Valmiera (LVL 215.7). Riga ranked last among the republican cities in terms of funding per capita (LVL 46.0). The funding per capita raised by Ventspils exceeded that of Riga 10.9 times.

Investments of the EU Funds in Novads

Activity investments in municipalities indicate that the largest volume of funding was received by the Kraslava *novads* (14.4 million lats), followed by the Madona *novads* (12.2 million lats), Ogre *novads*

(10.6 million lats), Talsi *novads* (7.9 million lats) and Kuldīga *novads* (7.1 million lats). The lowest amount of funding was received by the Alsunga, Beverina and Tervete *novads* (LVL 32 000, 42 000 and 51 000, respectively). The average volume of funding per *novads* in activities with local impact was 2.2 million lats.

The largest per capita funding was received by the Ergļi *novads* (LVL 995) and the Varakļāni *novads* (LVL 945), followed by the Skrīveri *novads* (LVL 895), Jaunpiebalga *novads* (LVL 879) and Mazsalaca *novads* (LVL 832). On the other hand, the lowest funding per capita was attracted by the Burtnieki *novads* (LVL 9), Beverina and Tervete *novads* (LVL 12 each) and Garkalne *novads* (LVL 19; see Fig. 118).

X COMPARATIVE DESCRIPTION OF LATVIA AMONG EUROPEAN UNION MEMBER STATES AND THE BALTIC SEA REGION COUNTRIES

In this report the development level of Latvia is described from international perspective among the 27 countries of the European Union (EU) and especially among the EU countries which are part of the Baltic Sea region. The comparison of countries is made by using the data of the European Union Statistical Bureau (*Eurostat*) basically for the period from 2007 to 2010 according to the following indicators:

- gross domestic product (GDP);
- employment and proportion of job seekers;
- sustainably managed land resources – the land useable for agriculture and woodland;
- road and railroad network;
- population density;
- life expectancy.

At the beginning of 2010 there were 501.1 million residents residing in the European Union, the proportion of the population of Latvia in the EU was only 0.45 %. The total number of population of the EU countries which are part of the Baltic Sea region – Denmark, Germany, Poland, Lithuania, Latvia, Estonia, Finland and Sweden – was 147.1 million, and the population of Latvia formed 1.5 % of them. According to the territory Latvia occupies 1.5 % of the total area of the European Union and 3.9 % of the total area of the EU countries which are part of the Baltic Sea region.

Economic Growth

After the rapid decrease of economy in 2008 and 2009 there were changes in development taking place in Latvia in 2010. The recession gradually slowed down at the first half of the year, but during the second half the economy showed the first signs of increase already. The fall of economy in 2009 was -18 %, but in 2010 the total decrease of economy in Latvia was only -0.3 %. Nevertheless Latvia was the only one of the three Baltic States and the only one in the whole Baltic Sea region where economic recession still continued in 2010. The similar situation to Latvia was in the joint economic space of the European Union also in such countries as Ireland, Greece, Spain and Romania (see Table 127).

If the GDP per capita in Latvia is evaluated, it should be admitted that this indicator even at its maximum in 2008 was comparatively small on the overall European Union background by reaching LVL 7144 or EUR 10 200, so it was 2.5 times less than the average indicator of the EU. In evaluation of the three Baltic States the indicator of Latvia was in the middle; in 2008 the GDP of Estonia per capita was by 18 % higher, in Lithuania it was by

Country	2008	2009	2010	2011 (forecast)
Austria	2.2	-3.9	2.0	2.4
Belgium	1.0	-2.8	2.2	2.4
Bulgaria	6.2	-5.5	0.2	2.8
Cyprus	3.6	-1.7	1.0	1.5
Czech Republic	2.5	-4.1	2.3	2.0
Denmark	-1.1	-5.2	2.1	1.7
Estonia	-5.1	-13.9	3.1	4.9
Finland	0.9	-8.2	3.1	3.7
France	-0.1	-2.7	1.5	1.8
Germany	1.0	-4.7	3.6	2.6
Great Britain	-0.1	-4.9	1.3	1.7
Greece	1.0	-2.0	-4.5	-3.5
Hungary	0.8	-6.7	1.2	2.7
Ireland	-3.5	-7.6	-1.0	0.6
Italy	-1.3	-5.2	1.3	1.0
Latvia	-4.2	-18.0	-0.3	3.3
Lithuania	2.9	-14.7	1.3	5.0
Luxembourg	1.4	-3.6	3.5	3.4
Malta	5.3	-3.4	3.7	2.0
The Netherlands	1.9	-3.9	1.8	1.9
Poland	5.1	1.7	3.8	4.0
Portugal	0.0	-2.5	1.3	-2.2
Romania	7.3	-7.1	-1.3	1.5
Slovakia	5.8	-4.8	4.0	3.5
Slovenia	3.7	-8.1	1.2	1.9
Spain	0.9	-3.7	-0.1	0.8
Sweden	-0.6	-5.3	5.5	4.2
Average in the EU	0.5	-4.2	1.8	1.8

Table 127. Changes in gross domestic product in the EU member states in 2008–2010, in comparable prices of 2000, %*.

6 % lower than in Latvia. Of all European Union Baltic Sea coastal area countries this indicator in 2008 was the highest in Denmark – 4.2 times higher than in Latvia (see Table 128).

Considering the fact that the impact of economic recession in Latvia has been, so far, the greatest among all EU member states, the backwardness of Latvia from the economy productivity level of the most developed countries has significantly increased during the last few years. The GDP indicator of Latvia per capita in 2010, EUR 8000, was only 32.7 % of the average level of the EU by falling behind Denmark 5.3 times already, but from, for example, Luxembourg – 10.3 times. The distance to the GDP level of Estonia also increased during the two years by 1.15 times, and only the two youngest EU member states, Bulgaria and Romania, had even lower registered GDP level per capita than Latvia.

* Data of Eurostat.

Country	% (Latvia = 100 %)				Euro per capita 2010
	2007	2008	2009	2010	
Austria	353	333	400	424	33 900
Belgium	339	316	383	405	32 400
Bulgaria	43	46	56	...	...
Cyprus	218	214	259	271	21 700
Czech Republic	132	139	160	...	...
Denmark	448	417	491	529	42 300
Estonia	127	118	126	135	10 800
Finland	366	341	391	420	33 600
France	318	295	357	373	29 800
Germany	318	296	357	383	30 600
Great Britain	362	290	309	340	27 200
Greece	218	207	254	255	20 400
Hungary	108	104	113	123	9800
Ireland	467	397	435	430	34 400
Italy	280	257	307	320	25 600
Latvia	100	100	100	100	8000
Lithuania	91	94	96	104	8300
Luxembourg	840	796	934	1026	82 100
Malta	144	140	173	189	15 100
The Netherlands	375	356	422	445	35 600
Poland	88	93	99	116	9300
Portugal	172	159	194	203	16 200
Romania	62	64	67	71	5700
Slovakia	110	117	141	151	12 100
Slovenia	184	180	211	220	17 600
Spain	253	234	279	289	23 100
Sweden	397	354	382	461	36 900
Average in the EU	269	246	288	306	24 500

Table 128. Gross domestic product in the EU member states in 2007–2010, in actual prices per capita*.

The Purchasing Power Standard (PPS)** calculated by Eurostat allows assessing the influence of different price levels to welfare of population in different countries. According to such assessment in 2009 Latvia lagged behind the average level of the EU 1.9 times. The indicators of Lithuania, Estonia and Poland were 1.1–1.2 times higher than in Latvia, but in all the other Baltic Sea region countries, Denmark, Sweden, Finland and Germany, this indicator was quite balanced – approximately 2.2–2.3 times higher than in Latvia (see Table 129).

In the context of the European Union Latvia is distinguished by the largest regional differences in GDP on NUTS 3*** territory level. Data about all EU member states is available for 2007 only; they show that the dispersion level in Latvia is the highest in all the EU territory. In 2007 it was 45.6 % – for the sake of comparing, the average EU level was 32.7 % and the level of Sweden, the country with the lowest dispersion, it was 14.4 %. The dispersion of regional GDP per capita in Estonia, 41.6 %, was close to the level of Latvia.

* Data of Eurostat.

** Artificial united currency unit which is used in the European Union to express the aggregate indicators of the economy to perform spatial comparisons in a manner that allows elimination of price differences in member states.

*** The regions corresponding to NUTS 3 level in Latvia are the statistical regions – Riga, Pieriga region, Vidzeme region, Kurzeme region, Zemgale region and Latgale region.

Country	Latvia = 100 %			2007 = 100 %	
	2007	2008	2009	2008	2009
Austria	221	221	240	101	95
Belgium	208	204	225	100	95
Bulgaria	73	77	...	108	...
Cyprus	166	173	190	106	100
Czech Republic	143	143	157	102	96
Denmark	220	218	233	101	93
Estonia	124	121	123	98	87
Finland	211	209	218	101	91
France	194	189	208	99	94
Germany	208	206	225	100	95
Great Britain	209	204	217	99	91
Greece	165	167	181	103	97
Hungary	112	115	125	104	98
Ireland	265	236	244	90	81
Italy	186	184	200	100	94
Latvia	100	100	100	101	88
Lithuania	106	109	106	104	88
Luxembourg	494	496	524	102	93
Malta	139	138	156	101	98
The Netherlands	238	238	252	101	93
Poland	98	100	117	104	105
Portugal	141	138	154	99	96
Romania	75	83	89	113	105
Slovakia	122	128	141	106	101
Slovenia	159	162	170	103	94
Spain	188	184	199	99	93
Sweden	224	218	230	99	90
Average in the EU	180	178	193	100	94

Table 129. Gross domestic product according to Purchasing Power Standard (PPS) per capita in the EU member states in 2007–2009, %*.

In 2008 this indicator in Latvia was 45.2 %, so dispersion of regional GDP per capita decreased by 0.4 percentage points compared to the previous year. During the period from 2004 to 2007 the overall decrease of this indicator in Latvia was 7.2 percentage points while in Estonia it remained quite stable. The regions have developed more balanced in Lithuania – the dispersion indicator (28.9 %) is better than the average in the EU, but the opposite trend to Latvia is evident: during three years, from 2004 to 2007, the indicator increased by more than 5 percentage points (see Figure 119).

When regional differences in the countries of the Baltic Sea region are assessed as standard deviation on the background of average indicators of the countries in 2008, as this is the last year about which the information is available in this group of countries, one can see that Latvia is a country with comparatively low average GDP level per capita – in 2008 the level was lower in Poland and Lithuania only. At the same time Latvia is a country with one of the greatest relative standard deviations – it was 52 % of the average indicator in 2008. It was higher only in Finland (55 %), similar in Poland (51 %), but significantly lower in both close neighbouring countries to Latvia (42 % in Estonia, only 35 % in Lithuania, see Fig. 120).

* Calculations based on the data of Eurostat.

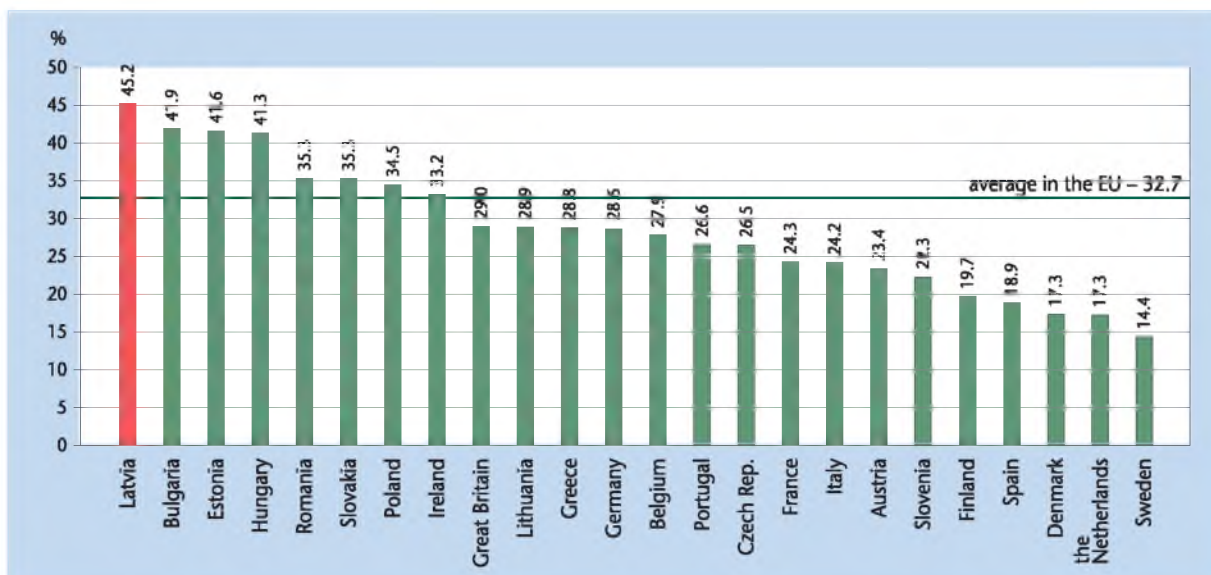


Figure 119. Dispersion of regional GDP per capita in the EU member states on NUTS 3 level in 2007 (data about Latvia – in 2008)*.

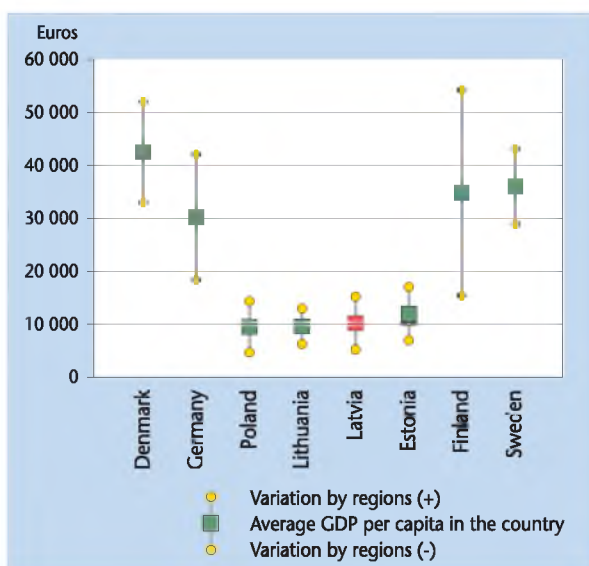


Figure 120. Average GDP of the Baltic Sea region countries in 2008 and its variation in NUTS 3 level, assessed as standard deviation from the average indicator, EUR per capita, in actual prices**.

Unfortunately, there is no reason to believe that the decrease of GDP taking place during the following two years would improve the position of Latvia in internal regional imbalance. The deepest fall in GDP of Latvia per capita was in 2009 when it decreased in actual prices by 21 percentage points, but, for example, in Finland the decrease of GDP per capita was 10 percentage points in 2009, while in Poland it even increased by 5 percentage points.

The main reason for decrease of the GDP of Latvia is clearly the structural competitiveness of the country's economy on international scale as the result of which the

effective number of employed in Latvia has decreased during two years by 18 percentage points. Nevertheless, the increase in productivity of the employed in 2010 by 4 percentage points, almost to the level of 2008, gives the ground to hope that the lowest point of recession has passed in Latvia and the growth of economy clearly depends on increase of number of jobs, but balancing of regional development depends on the location of these new jobs.

Population and Employment

Welfare of population is based on many conditions: natural resources of the country and their availability; high level of expertise and work productivity; good market access, but the most essential is the proportion of employed in the share of economically active residents which describes the degree of use of rationally available workforce in any territory. It may be assessed also as proportion of actually employed residents in the total population number; this indicator describes actual involvement of population in development of public wealth and in consumption relations, assuming that everyone has found the employment according to the limits of one's own abilities and desires.

When reversed value of the aforementioned indicator is used, then the economic load of employed is obtained, i.e. the number of residents of the country that each employed person must support by its work. It is determined by both demographic structure of the population, the volume of economically active residents in the total number, and the willing and possibilities of residents to work, which is described by the number of available jobs.

Still in 2008 Latvia was one of the most laborious countries of the EU joint economic space – a smaller economic load of employed than in Latvia was only in the Netherlands, Denmark, Cyprus, Sweden and Aus-

* Data of Eurostat. Do not include data on Cyprus, Luxembourg and Malta.

** Calculations based on the data of Eurostat.

tria, while in the last three countries, the same as in Estonia, Portugal and Slovenia, it was practically the same as in Latvia.

Economic recession brought its changes. Latvia had the greatest increase of economic load in the European Union – it increased 1.18 times during two years, as the result of which Latvia, with its indicator of 2.39 inhabitants per one employee, fell below the average indicator of the EU, into the group of less productive countries of the European Union. According to this indicator Latvia was between the closest Baltic neighbours in 2010, but already significantly fell behind Sweden, Finland and Denmark, the countries where the increase of economic load during the last years was comparatively small (see Table 130).

Country	Inhabitants per one employed			2010 to 2008, %
	2008	2009	2010	
Austria	2.01	2.02	2.02	100.5
Belgium	2.41	2.44	2.43	100.8
Bulgaria	2.27	2.34	2.48	109.3
Cyprus	1.98	2.00	2.00	101.0
Czech Republic	2.08	2.13	2.15	103.4
Denmark	1.92	1.99	2.04	106.3
Estonia	2.04	2.24	2.34	114.7
Finland	2.09	2.16	2.18	104.3
France	2.35	2.38	2.39	101.7
Germany	2.09	2.09	2.08	99.5
Great Britain	2.05	2.10	2.11	102.9
Greece	2.36	2.40	2.48	105.1
Hungary	2.55	2.61	2.61	102.4
Ireland	2.11	2.33	2.43	115.2
Italy	2.54	2.60	2.63	103.5
Latvia	2.02	2.30	2.39	118.3
Lithuania	2.21	2.37	2.46	111.3
Luxembourg	2.31	2.22	2.21	95.7
Malta	2.56	2.56	2.52	98.4
The Netherlands	1.88	1.89	1.95	103.7
Poland	2.35	2.34	2.34	99.6
Portugal	2.04	2.10	2.14	104.9
Romania	2.30	2.32	2.32	100.9
Slovakia	2.22	2.29	2.34	105.4
Slovenia	2.04	2.08	2.12	103.9
Spain	2.24	2.42	2.48	110.7
Sweden	2.00	2.07	2.06	103.0
Average in the EU	2.21	2.26	2.28	103.2

Table 130. Economic load of the employed in the EU member states in 2008–2010*.

When the economic load is assessed in NUTS 3 territory level, then the indicators of Latvia are not the most negative in the Baltic Sea region. Lower proportion of employed in the total population number than in Latvia in 2009 (the last year having information available on employment indicators in NUTS 3 territory level in this group of countries) was in both Poland and Lithuania, but in Estonia this indicator was only slightly better than in Latvia. While when regional differences are assessed by using the above discussed standard deviation, then

* Calculations based on the data of Eurostat.

according to the economic load indicator Latvia held the leading position in regional balance in 2009. This indicator had larger differences in Poland, which was closely followed by Finland, Germany and Estonia. In terms of territory development balance, also, the differences in economic load of the employed were larger in the leading countries of the Baltic Sea region – Denmark, Sweden and Lithuania, than in Latvia (see Fig. 121).

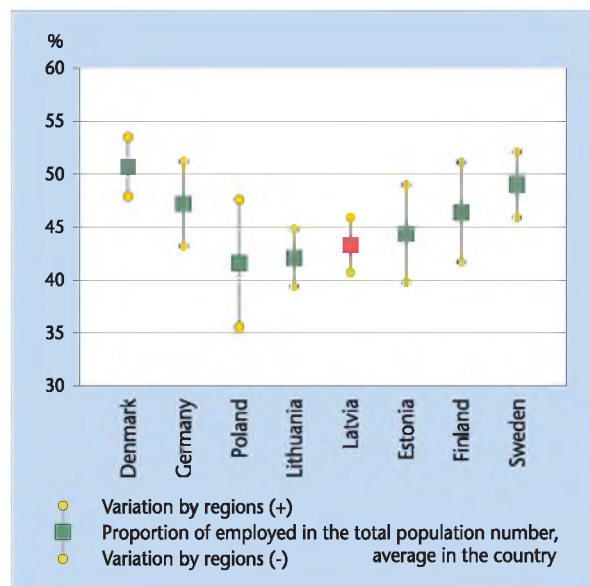


Figure 121. Proportion of employed in the total population number in the Baltic Sea region countries in 2009, %, and its variation in NUTS 3 level assessed as standard deviation from the average indicator, percentage points*.

Employment is not an economic category only, the unemployment related to insufficient employment opportunities is also a social problem. Among internationally available and mutually comparable indicators the unemployment is described the best by proportion of job seekers** which is calculated in the total number of economically active residents*** (this indicator is also called the registered unemployment level). During the report period the lowest proportion of job seekers in the EU joint economic space was in 2008, while in Latvia, the same as in several other countries first suffering the economic recession – Estonia, Lithuania and Hungary, the lowest proportion of job seekers was registered in 2007 (see Table 131).

Changes in the proportion of job seekers during the period of 2007–2010 perfectly describe the depth of economic crisis in various countries of the European Union. In Latvia the proportion of job seekers increased by 12.7 percentage points and higher increase among

* Calculations based on the data of Eurostat.

** Job seekers are all those persons aged from 15 to 74 which have no job in the week for which the data is indicated, are ready to start working within next two weeks and have actively sought for the job during the previous four weeks, or have already found the job and will start working within the next three months.

*** Economically active residents are the employed persons and persons actively seeking the job.

Country	2010-min.(2007...2009) percentage points				
	2007	2008	2009	2010	
Austria	4.4	3.8	4.8	4.4	0.6
Belgium	7.5	7.0	7.9	8.3	1.3
Bulgaria	6.9	5.6	6.8	10.2	4.6
Cyprus	4.0	3.6	5.3	6.5	2.9
Czech Republic	5.3	4.4	6.7	7.3	2.9
Denmark	3.8	3.3	6.0	7.4	4.1
Estonia	4.7	5.5	13.8	16.9	12.2
Finland	6.9	6.4	8.2	8.4	2.0
France	8.4	7.8	9.5	9.7	1.9
Germany	8.7	7.5	7.8	7.1	-0.4
Great Britain	5.3	5.6	7.6	7.8	2.5
Greece	8.3	7.7	9.5	12.6	4.9
Hungary	7.4	7.8	10.0	11.2	3.8
Ireland	4.6	6.3	11.9	13.7	9.1
Italy	6.1	6.7	7.8	8.4	2.3
Latvia	6.0	7.5	17.1	18.7	12.7
Lithuania	4.3	5.8	13.7	17.8	13.5
Luxembourg	4.2	4.9	5.1	4.5	0.3
Malta	6.4	5.9	7.0	6.8	0.9
The Netherlands	3.6	3.1	3.7	4.5	1.4
Poland	9.6	7.1	8.2	9.6	2.5
Portugal	8.1	7.7	9.6	11.0	3.3
Romania	6.4	5.8	6.9	7.3	1.5
Slovakia	11.1	9.5	12.0	14.4	4.9
Slovenia	4.9	4.4	5.9	7.3	2.9
Spain	8.3	11.3	18.0	20.1	11.8
Sweden	6.1	6.2	8.3	8.4	2.3
Average in the EU	7.2	7.1	9.0	9.6	2.5

Table 131. Proportion of job seekers in the EU member states in 2007–2010, %*.

the EU countries was only in Lithuania where it reached 13.5 percentage points. Among the Baltic Sea region countries Latvia became the one with the highest proportion of job seekers (18.7 % in 2010), but in the whole European Union area a higher indicator was only in Spain (20.1 %). However, it should be admitted that Estonia and Lithuania (16.9 % and 17.8 % in 2010) are also in quite similar situation to Latvia with respect to the proportion of job seekers on the background of the other European Union countries.

Land Resources of the Territory – Agricultural Land, Woodland

Assessment of natural resources available for sustainable economy – agricultural land and woodland, shows that in the joint European area Latvia is comparatively close to other countries of north-eastern region of the EU.

Though Latvia has a comparatively low proportion of land useable for agriculture in the whole territory, as it composes only 28.4 % (for comparison – 41.7 % in average in the EU, 62.5 % in Denmark, 62.2 % in Hun-

gary), the small number of population makes Latvia one of the richest countries in this resource in the EU area. There were 0.81 ha of land useable for agriculture per capita in Latvia in 2009 which was the second highest indicator after Ireland (0.94 ha per capita). Though in Lithuania this indicator (0.80 ha per capita) was practically identical to Latvia.

Indicators of Latvia and Lithuania exceed the average supply of agricultural land of the EU more than twice – the average indicator of the EU in 2009 was 0.36 ha per capita. This fact, considering also the comparatively mild climate, clearly marks one of the potentials for the economy of Latvia – production of agricultural products both for own consumption and export. Assessment of the position of Latvia among the Baltic Sea region countries shows the comparative advantage of Latvia in availability of resources for agricultural production – the average supply of agricultural lands in Denmark is approximately 0.5 ha per capita, in Finland and Poland – approximately 0.4 ha per capita, but, for example, in Sweden and Germany it is even more 1.5–2 times smaller. By increasing the technological productivity of agricultural sector Latvia may turn its potential into a real gain.

Country	Land useable for agriculture			Woodland		
	thsd. ha	% of the total area of the country	ha per capita	thsd. ha	% of the total area of the country	ha per capita
Austria	3169	37.8	0.38	3942	47	0.47
Belgium	1365	44.7	0.13	794	26	0.07
Bulgaria	5101	46.0	0.67	3807	34	0.50
Cyprus	148	16.0	0.19	175	18	0.22
Czech Republic	3546	45.0	0.34	2997	38	0.29
Denmark	2695	62.5	0.49	776	18	0.14
Estonia	802	17.7	0.60	2488	55	1.86
Finland	2296	6.8	0.43	23 013	68	4.32
France	29 385	58.1	0.46	16 172	32	0.25
Germany	16 890	47.3	0.21	12 142	34	0.15
Great Britain	17 709	72.5	0.29	3662	15	0.06
Greece	3819	28.9	0.34	4355	33	0.39
Hungary	5783	62.2	0.58	2140	23	0.21
Ireland	4190	59.6	0.94	843	12	0.19
Italy	13 338	44.3	0.22	9944	33	0.17
Latvia	1833	28.4	0.81	3359	52	1.49
Lithuania	2689	41.2	0.80	2416	37	0.72
Luxembourg	131	50.6	0.27	93	36	0.19
Malta	10	32.6	0.02	0.3	0.9	0.00
The Netherlands	1921	51.4	0.12	448	12	0.03
Poland	15 625	50.0	0.41	10 318	33	0.27
Portugal	3684	40.1	0.35	4228	46	0.40
Romania	13 745	57.7	0.64	6603	28	0.31
Slovakia	1930	39.4	0.36	2256	46	0.42
Slovenia	469	23.1	0.23	1277	63	0.63
Spain	23 105	45.7	0.50	16 172	32	0.35
Sweden	3067	6.8	0.33	29 720	66	3.21
Aver. in the EU	178 443	41.7	0.36	164 138	38	0.33

Table 132. Structure of land resources for sustainable management in the EU member states in 2009*.

* Data of Eurostat.

* Calculations based on the data of Eurostat.

In availability of wood resources, Latvia also belongs to comparatively best-supplied EU member states. There is a four times larger woodland area in Latvia than in Belgium and only 3.5–4.5 times smaller than in the territorially largest countries of the EU – France, Spain and Germany. Of course, the total woodland areas in Latvia are much smaller than in Sweden and Finland – 9 and 7 times, respectively. If calculated per capita, Latvia holds the 4th position in forest availability (1.49 ha per capita) in the EU, apart from Finland and Sweden there are more forests per capita in Estonia, too – 4.32 ha, 3.21 ha and 1.86 ha, respectively in 2009. However, the indicator of Latvia, compared to 0.33 ha per capita in average in the EU and, for example, 0.07 ha per capita in Belgium, 0.03 ha per capita in the Netherlands, 0.06 ha per capita in Great Britain or 0.15 ha per capita in Germany, also indicates that forestry sector has a good economic export potential (see Table 132).

Infrastructure

Road Network

The comparatively low level of population density in the territory together with the advantages, the available land resources for sustainable management, causes additional expenses for Latvia, too – every person has to maintain a longer piece of roads. There was a 31 metres long piece of road per capita in Latvia in 2009.

Country	km	All roads km/km ²	including km/ 1000 inh.	motorways km
Austria	110 206	1.31	13	1697
Cyprus	12 380	1.34	16	257
Czech Republic	55 719	0.71	5	729
Denmark**	73 331	1.70	13	1128
Estonia	58 400	1.29	44	100
Finland	79 079	0.23	15	765
France	1 041 172	2.06	16	11 163
Great Britain	419 675	1.72	7	3674
Hungary	197 548	2.12	20	1273
Ireland**	96 439	1.37	22	423
Italy**	183 705	0.61	3	6629
Latvia	69 574	1.08	31	0
Lithuania	81 331	1.25	24	309
Luxembourg	2880	1.11	6	152
Malta	3096	9.80	7	0
The Netherlands	136 827	3.66	8	2631
Poland	384 830	1.23	10	849
Romania	81 713	0.34	4	321
Slovakia	43 888	0.89	8	400
Slovenia	38 925	1.92	19	763
Spain	165 416	0.33	4	14 023
Sweden	98 485	0.22	11	1886

Table 133. Roads in individual EU member states in 2009*.

* Calculations based on the data of Eurostat.

** In 2008.

The indicators summarised in Table 133 show that, compared to the other EU countries (about which comparable information is available), each inhabitant of Latvia has to maintain 6 times longer road network than in, for example, Czech Republic, 3 times longer than in Poland, 2.5 times longer than in Denmark, 1.5 times longer than in Ireland. If the productivity of economy in these countries is compared and the impact of variable winters of Latvia on the roads constructed in overall comparatively marshy areas is assessed, one can understand the reasons why road renewal and maintenance is a problem for Latvia's economy only waiting to be solved. Data about the neighbouring countries of Latvia for the sake of comparison – each inhabitant of Estonia has to maintain the longest piece of road in the European Union – 44 m, or 1.4 times longer road network than in Latvia, but the inhabitant of Lithuania – 24 m long piece of road. It should be noted that Latvia is one of the few EU member states without registered kilometres of motorways – there are 100 km of those in Estonia and 309 km in Lithuania.

Railways

When supply of the country with railway networks is assessed, Latvia is distinguished in the EU context by low density of registered railway network – the same as in neighbouring Lithuania, as well as in Sweden and Finland, it is 0.03 km/km². However, when supply of the railway network is assessed per 1000 inhabitants, indicators of Latvia are above the average in the EU area. Latvia has an incomplete one meter (0.98 m) per capita, while there is more in Sweden (1.67 m), Finland (1.66 m), Estonia (1.62 m), Czech Republic (1.50 m) as well as in some other countries (see Table 134).

Country	km	km/km ²	km/1000 inh.
Belgium	6283	0.21	0.58
Bulgaria	5888	0.05	0.77
Czech Republic	15 677	0.20	1.50
Estonia	2166	0.05	1.62
Finland	8847	0.03	1.66
Germany	70 557	0.20	0.86
Great Britain	31 119	0.13	0.51
Greece	3062	0.02	0.27
Italy	23 835	0.08	0.40
Latvia	2206	0.03	0.98
Lithuania	2182	0.03	0.65
Luxembourg	275	0.11	0.56
Poland	38 132	0.12	1.00
Romania	20 520	0.09	0.95
Slovakia	3623	0.07	0.67
Slovenia	2187	0.11	1.08
Sweden	15 487	0.03	1.67

Table 134. Railway network in individual EU member states in 2009*.

* Calculations based on the data of Eurostat.

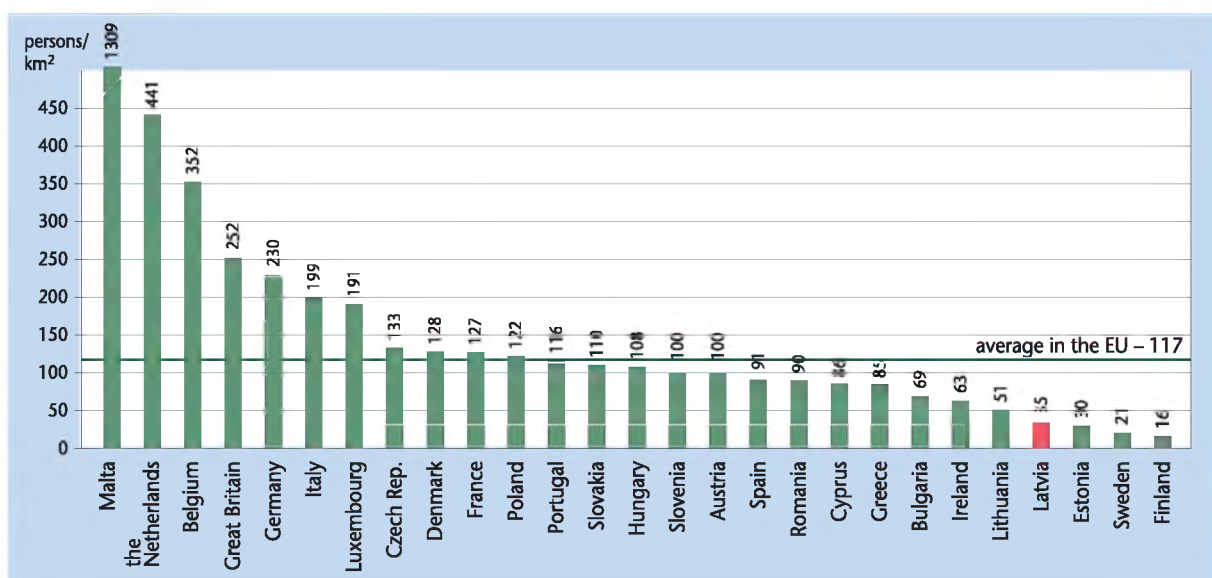


Figure 122. Population density in the EU member states in 2008*.

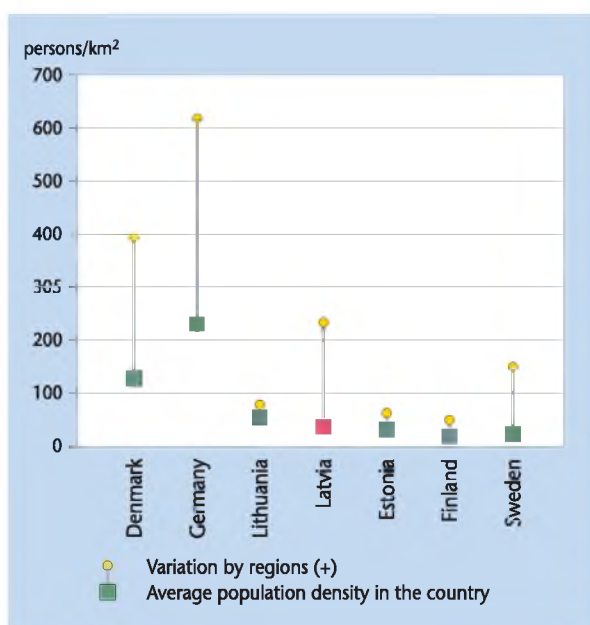


Figure 123. Population density in the Baltic Sea region countries in 2008 and its variation in NUTS 3 level, assessed as standard deviation from the average indicator, inhabitants/km²**.

Population Density

In terms of population density Latvia, with 35 inhabitants per one km², clearly belongs to the north-eastern region of the EU – there is lower population density only in Finland, Sweden and Estonia. Population density in Lithuania is 1.4 times larger than in Latvia. The average indicator of the EU (117 inhabitants/km²) around which several countries – including Central European countries Poland, Czech Republic, Slovakia, Hungary and Austria – align is 3.3 times larger than in Latvia. A range of

social, economic and nature resource availability factors of Latvia described above are related to the low population density (see Fig. 122).

Country	2007	2008	2009
Austria	79.6	79.9	79.8
Belgium	79.2	79.1	79.4
Bulgaria	72.7	73.0	73.4
Cyprus	79.4	80.1	80.4
Czech Republic	76.3	76.6	76.6
Denmark	77.7	78.1	78.3
Estonia	72.5	73.7	74.5
Finland	78.8	79.1	79.3
France	80.6	80.7	80.9
Germany	79.4	79.5	79.6
Great Britain	79.2	79.3	79.8
Greece	78.7	79.2	79.5
Hungary	73.0	73.6	73.8
Ireland	79.0	79.5	79.2
Italy	80.9	81.2	81.4**
Latvia	70.8	72.0	72.8
Lithuania	70.3	71.3	72.5
Luxembourg	78.7	79.8	80.0
Malta	79.4	79.4	79.8
The Netherlands	79.7	79.8	80.2
Poland	74.8	75.1	75.3
Portugal	78.4	78.6	78.9
Romania	73.1	73.2	73.3
Slovakia	74.0	74.4	74.7
Slovenia	77.6	78.3	78.5
Spain	80.3	80.7	81.0
Sweden	80.3	80.5	80.7
Average in the EU	78.5	78.8	80.1**

Table 135. Life expectancy of a one year old child in the EU member states in 2007–2009, years of life*.

* Data of Eurostat.

** Calculations based on the data of Eurostat.

* Data of Eurostat.

** Estimate.

When the territory of the Baltic Sea region is assessed in NUTS 3 level by using the standard deviation weighted according to the area of territories, the territory differences in Latvia are very large, the largest in the whole Baltic Sea region (this assessment does not include Poland due to lack of data). The variation of regional differences in Latvia in 2009 was 197 inhabitants/km², which exceeds the average indicator of the country 5.4 times. There are large differences of this indicator in Denmark and Germany also, but it should be assessed with due precaution as the large differences are determined by the big cities divided by individual NUTS 3 territories, for example, Riga in Latvia, Copenhagen in Denmark. Distinguishing these cities in individual statistical accounting units is justified both from the aspect of accounting and management, but their role and influence on development of the whole territory of the country should be considered at the same time. Riga, with its 704 thousand inhabitants which is 31 % of the total population of the country and with more than 2300 inhabitants per one km² is a relatively very concentrated unit. The population density of NUTS 3 territories established around the capitals in Lithuania and Estonia does not exceed 90 and 120 inhabitants/km², respectively (see Fig. 123).

Life Expectancy

Life expectancy of a one year old child in Latvia is a constantly and quite rapidly growing indicator – during the period from 2007 to 2009 it has increased by two years of life and has reached 72.8 years. However, the indicator of Latvia is the second lowest among the EU countries by significantly falling behind the EU average indicator which exceeded 80 years already in 2009. The lowest life expectancy indicator of a one year old child in the European Union is in Lithuania – in 2009 it was 72.5 years of life, or for 0.3 years less than in Latvia, but the pace of increase of the indicator in Lithuania during the previous years was by 10 % faster than in Latvia.

Both average indicators of the EU and the average parameters of individual countries and their groups selected according to certain features may be used for assessment of relatively achievable level of development of Latvia. It is worth comparing Latvia according to life expectancy as well as according to the other indicators discussed above, and following its approximation or retirement process to the indicators of Germany, because it is the largest country of the European Union and the Baltic Sea region by number of population and volume of economy, which determines the development dynamics. Thus, for example, the level of life expectancy of a one year old child Latvia would be appropriate to seek was 79.6 years in Germany in 2009 (see Table 135).

DEVELOPMENT TRENDS, CONCLUSIONS AND PROPOSALS

The year 2010 was the first full year following the administrative-territorial reform: the 26 district municipalities and 522 local municipalities of Latvia have been replaced with 118 local governments consisting of nine republican cities and 109 *novads*. Meanwhile, planning regions continued to operate – the range of their functions and tasks has expanded with the abolishment of district municipalities. The discussion concerning the next stage of reform of second level local governments and the creation of *apriņķis* continued in 2010, yet this issue was not decided conclusively.

Even after the administrative-territorial reform the local governments are very different in terms of their population and area. Population in one fifth of the *novads* does not exceed four thousand. Analysis of socioeconomic indicators, budget indicators and territory development indices implies that the small *novads* have weaker indicators, whereas for the larger *novads* these differ from region to region. *Novads* in the vicinity of the economically most vigorous republican cities – especially Riga – and *novads* encompassing mid-sized towns – development centres of regional importance – have better socioeconomic indicators. This confirms that the socioeconomic indicators of local governments are heavily influenced by access to infrastructure and services and jobs and their diversity across the public and private sector. Subsequent regional policy must continue to emphasise the impact of towns as growth drivers of territories, and data accumulation should be enabled for towns incorporated into *novads*.

Demographic data indicate that, in the period from the beginning of 2006 to the beginning of 2011, a declining population trend persisted in Latvia as a whole and in all the planning regions. The Riga planning region experienced a relatively slower rate of population decline. A number of local governments – Jurmala and 17 *novads* within the area of direct influence of Riga – experienced modest population increase in the last five years.

In the country as a whole, the decrease in population is taking place as a result of both negative natural population growth and emigration that exceeds immigration. The excess of number of deceased over newborn ones increased during the years of the economic downturn. Since 2007, the negative balance of external migration increased considerably in the country.

The prospects of development within a territory are characterised by the ratio between the population up to the working age and the population over the working age that in the case of Latvia implies not only problems in generation replacement in the future but, most importantly, a trend towards an ageing population. Among the Latvian regions, the Zemgale region has the lowest proportion of population over the working age. On the other hand, the demographic structure in the Latgale region is characterised by the lowest pro-

portion of population under the working age and the highest proportion of population over the working age. Population ageing in Latvia is clearly demonstrated by the increase in the average age of the population – from 39.8 years in 2004 to 40.9 years early in 2010. The Riga statistical region (the capital city Riga) and the Latgale region have higher average population ages.

The population decrease and the unfavourable changes in the age structure of the population testify that a lower number of newborns can be expected in the future what will lead to a declining proportion of residents under the working age and at the working age for a long time to come.

The overall national anticipated life expectancy of newborns increased slightly during 2004–2009 (72.14 years for those born in 2004 and 73.38 years for those born in 2009). Forecasts by Eurostat predict that during 2015–2050 the average anticipated life expectancy of newborns in Latvia will increase, and this could largely happen thanks to increasing life expectancy among men.

The year 2010 was still largely characterised by economic recession, even though this was much less true than in the preceding two years. In the first half of the year, the decline gradually slowed, and the second half of the year brought the first signs of economic growth. The economic decline in 2009 was 18 %, whereas in 2010 the economy of Latvia shrank by a total of 0.3 %. In 2010, the average per capita GDP of Latvia constituted 32.7 % of the EU average.

The latest available regional indicator data imply that Latvia stands out within the EU context in terms of the greatest regional GDP disparities at the level of NUTS 3 territories.

Eurostat data indicate that in 2010 the proportion of job seekers in Latvia increased slightly – even though not as rapidly in 2009 – and was the second highest in the European Union after Spain.

Data from the State Employment Agency show that the unemployment rate in Latvia declined slightly in 2010, reaching the 11 % mark at the end of the year. This figure declined in four planning regions, and most rapidly of all in the Riga region, yet it climbed in the Latgale region in 2010. It is important to realise that economic growth is clearly dependent on job growth, whereas the balancing of regional development depends on the location of the new jobs. Reduction of regional disparities requires that local governments play a larger role in the promotion of entrepreneurship. The government should explore the possibility of creating special support instruments for local governments to serve the promotion of entrepreneurship. Changes in legislation could also be considered by linking the tax base of companies with the local governments on whose territory the companies operate.

Values of the territory development index and the territory development change index show that in 2010 the overall disparities among the planning regions – between the most developed and the weakest region – have decreased. The disparities among individual local governments are also no longer as great as in 2009. However, the socioeconomic indicators of both planning regions and local governments demonstrate that the disparities across the national territory should be viewed as considerable. A significant rift still exists between the central part of the country (Riga and Pierīga) and the rest of the Latvian territory – and especially the Latgale planning region.

In 2010, Latvia saw a decrease in the average pay of employees, in the public and private sector alike. The public sector experienced a dramatic cut in expenditure. Local government budget revenues and expenditures shrank.

Despite the overall decline of local government revenues, the volume of the main revenue component, i.e., tax revenue, was larger in 2010 than in 2009. Both personal income tax and real estate tax revenues increased in local government budgets. This has to do with an increase in the rates of both the personal income tax and the real estate tax and the expansion of the tax base.

In 2010, the local government financial equalisation system continued to operate, being slightly improved and adjusted to the reformed system of local government with the 2009 amendments to the law. The amount of the local government financial equalisation fund in 2010 was lower than that in 2009. The state grant to the fund remained unchanged and constituted 7.2 million lats, yet local government contributions to the fund declined. Within the equalisation system, local governments received an additional 2.7 million lats from the state budget. When the amounts of contributions and grants are added up across the planning regions, one can observe a close causality between the volume of contributions/grants and the level of development of a region: the Riga planning region as an aggregate is a net contributor to the local governments financial equalisation fund, while the other regions are its beneficiaries; furthermore, not a single local government in the Latgale region is a contributor to the fund. It is reasonable to assert that the local government financial equalisation system is one of the most important instruments of regional development. However, further improvements to the system are necessary, which is one of the tasks of MEPRD for 2011.

In 2010, the expenditures of local governments were lower than their revenues as opposed to previous years. Analysis of local government expenditures indicates a diversity of local government needs, capacities and priorities. Even though the total expenditures declined, one of the three functional categories that saw an increase in expenditures in 2010 was social security (an increase of 10.5 %); furthermore, local government expenditures for social allowances (according to economic classification) increased by 58.1 %: from 53.0 million to 83.8 million lats. An increase in local government expenditures on social benefits can be explained not just by the drop in

the revenues of residents and a greater need for benefits, but also by increased state contributions and ESF support as part of the implementation of the Social Safety Net Strategy. A series of social assistance measures were carried out in 2010.

A summary of the volume of social benefit payments made by local governments across planning regions indicates that the highest volume of benefit payments was in the Riga planning region, as it also has the largest population. However, if calculated per capita, the greatest expenditures for social benefits are observed in the Latgale planning region, which has the highest poverty risk index and the lowest territory development index. The Latgale region also has the highest proportion of social benefit expenditures in local government budgets, what means that fewer funds remain for other functions and for development.

Easy, quick and modern communications play a key role in evening out regional disparities. In 2010, MRDLG developed an E-Government Development Plan for 2011–2013 for the purpose of implementing the Information Society Development Guidelines for 2006–2013. State administration and local government institutions are implementing e-government more actively and widely, including e-services. Various e-services are now available: from simple e-mail messages and electronic submission of forms to fully automated e-services. The results of the 2010 review of local government websites show that an increasing number of local governments use their websites as a tool for informing residents and serving them remotely. Residents must continue to be informed, educated and motivated to take advantage of the possibilities afforded by e-government, whereas local governments should develop e-services on their territory and enhance their websites with the methodological assistance of MEPRD and SRDA.

In the summer of 2010, the Saeima ratified the Sustainable Development Strategy of Latvia until 2030, which is the main national long-term development planning document. It has assigned an important place to issues of territory development, including coastal areas. With reference to the area of national interest that is the Baltic Sea coast, as designated in the Sustainable Development Strategy of Latvia until 2030, MRDLG developed draft Guidelines for the Spatial Development of Coastal Areas for 2011–2017 in 2010 (the Guidelines were approved in 2011).

The marine coastal area is one of the most important territorial complexes of Latvia, where the preservation of natural and cultural heritage has to be coordinated with economic activity. According to comparable indicators that characterise socioeconomic development, a portion of coastal local governments have a less favourable age composition of the population, a significantly higher old-age dependency ratio and depopulation rates that exceed the national average. Coastal republican cities and local governments in Pierīga have a significantly higher level of economic activity and development. The objective of the spatial development policy for coastal areas put forward in the Guidelines is as follows: the coastal area is an economically active, multifunctional

space where the impact of climate change is reduced by means of quality infrastructure and which implements good governance.

Border areas represent another type of territory of specific nature. When the local governments adjacent to the mainland boarder are examined and their demographic and socioeconomic indicators are compared – both with national averages and with averages for *novads* – these are markedly worse for the boarder areas. It is true that old-age dependency and the age composition of the population differs little from the national and *novads* average; however, the population decline in the border areas has been much more rapid. *Novads* in border areas typically have a low level of infrastructure, which includes poor road quality, poor provision of public transportation – which affects the reachability of such areas and thus exacerbates the periphery effect and leads to a depopulation of border areas. When socioeconomic indicators are compared – per capita revenues from personal income tax in the local government budgets and commercial activity – these lag considerably behind the averages for *novads* and the Latvian national average, whereas the unemployment rate is significantly higher. The average economic and demographic indicators in the eastern border *novads* are even worse than the averages for the entire border area.

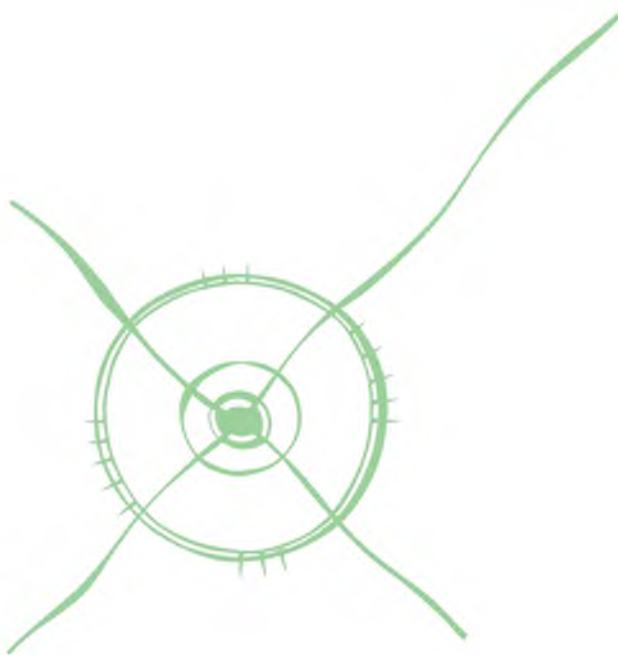
An analysis of state support to regions, it emerges that a significant portion of it goes to peripheral regions. Of the payments made as part of the regional development support instruments under the supervision of MRDLG and SRDA during 2008–2010 (total amount – 248.1 million lats), the largest portion was allocated to the Latgale region (26 %) and the smallest, to the Riga region (11 %). An analysis of the volume of support per capita shows that the largest amount of funding was received by the Vidzeme region (LVL 229 per capita) and the smallest, by the Riga region (LVL 24 per capita).

Payments from the European Union funds play a significant role in promoting the regional development of Latvia. Of the 1.08 billion lats disbursed between Janu-

ary 1, 2007 and February 1, 2011 as part of activities of the operational programmes of the European Regional Development Fund, the European Social Fund and the Cohesion Fund, 59 % consisted of activities with regional and local impact. The Riga region has implemented the largest proportion (32 %) of the overall funding disbursed by the said EU funds in activities with regional and local impact, whereas the largest funding per capita was received by the Vidzeme region – LVL 425. In developing conditions for support at the national level, regional disparities should continue to be considered, along with the needs of the weaker regions and the capacity of local governments, and in planning activities for the new programming period, regional development measures should be evaluated.

In 2010, with the support of the European Social Fund, the majority of local governments have commenced the planning of the development of their territories within the new *novads*. The development objectives and measures defined by local governments in their development programmes developed for the medium term will be implemented in the next EU programming period (after 2013), which means that, in defining the medium-term objectives of Latvia, it is even more important for regional policy to take into account the long and medium-term development policy defined by local governments.

In 2011, SRDA is commencing the activity “Development and Implementation of a Module for the Management and Monitoring of Regional Development Indicators (RDIM)” of the project “Information System for Local Governments Territory Development Planning, Infrastructure and Real Estate Management and Monitoring” (TAPIS), with the proposed implementation of RDIM set for the second half of 2012. RDIM will provide support to local governments in evaluating the development trends of their territories and in the preparation and monitoring of their development programmes; it will also serve as a tool for the assessment of regional development, the shaping of national policy and decision-making support.



Abbreviations used

CF	Cohesion Fund
CFCA	Central Finance and Contracting Agency
CIS	Commonwealth of Independent States
CM	Cabinet of Ministers
CSB	Central Statistical Bureau
EAFRD	European Agricultural Fund for Rural Development
EFF	European Fisheries Fund
ENPI	European Neighbourhood and Partnership Instrument
EPS	Electronic procurement system
ERDF	European Regional Development Fund
ESF	European Social Fund
ESPON	European Observation Network for Territory Development and Cohesion
ETC	European Territorial Cooperation
EU	European Union
EU-SILC	EU Statistics on Income and Living Conditions
GDP	Gross domestic product
GIS	geographic information system
GMI	guaranteed minimum income
ICT	Information and communication technologies
Latvia 2030	Sustainable Development Strategy of Latvia up to 2030
LGFEF	Local government financial equalisation fund
LGFS	Local government function support system
LVL	local currency, Latvia lats
MEPRD	Ministry of Environmental Protection and Regional Development
MRDLG	Ministry of Regional Development and Local Government
NUTS	European Classification of Statistical Territorial Units
OCMA	Office of Citizenship and Migration Affairs
OP	operational programme
PIT	Personal income tax
PPS	Purchasing Power Standard
PSC	Public Service Catalogue
RDIM	Regional development indicator module
RL	Republic of Latvia
SBLGBR	State Budget and Local Government Budget Report database
SEA	State Employment Agency
SISC	State information system connector
SRDA	State Regional Development Agency
SSFD	State Strategic Framework Document (2007–2013)
SSIA	State Social Insurance Agency
TDPIS	Territory development planning information system
UL FGES	University of Latvia Faculty of Geography and Earth Sciences
UNO	United Nations Organisation

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ANNEX 1. Basic Indicators of Planning Region, Republican City and Novads Development

Basic Indicators of Planning Region Development

Planning region	Area, km ²	Population number on 01.01.2011	Population density on 01.01.2011, people/km ²	Changes in population number, 01.01.2006-01.01.2011, %	Demographic burden on 01.01.2011	Division of inhabitants per age groups on 01.01.2011, %			Personal income tax revenue in the local government budget per capita in 2010, LVL	Unemployment level on 01.01.2011, %	Total	Number of econ. active statistical units of market sector by form of commercial activity in 2009				Per 1000 inh.	Number of ind. merchants and commerc. comp. per 1000 inh. in 2009
						Below working age	At working age	Above working age				Self-employed persons	Individ. merchants	Commercial comp.	Farmer and fishermen househ.		
Riga region	10 435	1 089 767	104.4	-0.7	523.0	13.7	65.6	20.7	352.6	8.7	68 974	18 042	3250	45 981	1701	62.9	44.9
Vidzeme region	15 246	231 067	15.2	-4.9	519.7	13.6	65.9	20.5	224.8	11.6	13 883	6279	912	3864	2828	59.2	20.4
Kurzeme region	13 596	296 529	21.8	-3.9	534.1	14.6	65.3	20.1	243.4	11.7	16 230	7168	1473	5072	2517	54.0	21.8
Zemgale region	10 733	277 265	25.8	-3.2	505.2	14.3	66.4	19.3	250.1	11.9	12 569	5092	1235	3947	2295	44.8	18.4
Latgale region	14 549	335 013	23.0	-6.9	507.2	12.7	66.3	20.9	172.8	16.9	16 500	8698	1362	3905	2535	48.3	15.4
In Latvia	64 559	2 229 641	34.5	-2.8	519.5	13.7	65.8	20.5	285.1	11.0	128 156	45 279	8232	62 769	11 876	56.8	31.5

Note. Area, population number, its density and changes – data of CSB; demographic burden and division of inhabitants per age groups – data of OCMA; personal income tax revenue in the local government budget – calculations of the SRDA by using the data of State Treasury and the CSB; unemployment level – calculations of the SRDA by using the data of SEA and OCMA; number of economically active statistical units of market sector – provisional data of CSB.

Basic Indicators of Republican City Development

Republican city	Area, km ²	Population number on 01.01.2011	Population density on 01.01.2011, people/km ²	Changes in population number, 01.01.2006-01.01.2011, %	Demographic burden on 01.01.2011	Division of inhabitants per age groups on 01.01.2011, %			Personal income tax revenue in the local government budget per capita in 2010, LVL	Unemployment level on 01.01.2011, %	Total	Number of econ. active statistical units of market sector by form of commercial activity in 2009				Per 1000 inh.	Number of ind. merchants and commerc. comp. per 1000 inh. in 2009
						Below working age	At working age	Above working age				Self-employed persons	Individ. merchants	Commercial comp.	Farmer and fishermen househ.		
Riga	303	703 581	2322.0	-2.9	529.4	12.8	65.4	21.8	371.0	8.3	50 420	11 197	2084	37 079	60	71.0	55.2
Daugavpils	72	102 496	1423.6	-5.3	492.6	12.5	67.0	20.5	204.0	9.8	3936	1708	533	1688	7	37.7	21.3
Jelgava	26	26 284	1030.7	-1.7	513.4	14.8	66.1	19.1	233.9	12.7	1174	455	240	465	14	44.4	26.7
Jelgava	61	64 516	1057.6	-2.0	509.0	14.8	66.3	18.9	312.9	9.6	2771	1007	393	1355	16	42.5	26.8
Jurmala	100	56 060	561.0	1.0	526.4	13.4	65.5	21.1	357.4	10.7	2435	1161	177	1092	5	43.6	22.7
Liepāja	61	83 415	1367.5	-2.5	555.4	14.8	64.3	20.9	252.6	11.9	3607	1380	429	1790	8	42.7	26.3
Rezekne	18	34 596	1922.0	-4.9	504.3	13.7	66.5	19.8	241.2	17.3	1768	810	186	757	15	50.1	26.7
Valmiera	18	27 040	1485.7	-1.7	523.4	14.6	65.6	19.8	327.8	9.1	1664	749	134	758	23	60.9	32.7
Ventspils	58	42 509	732.9	-3.0	521.3	13.8	65.7	20.4	328.6	9.1	1869	768	260	823	18	43.6	25.3
In republican cities	717	1 140 497	1591.3	-2.9	525.0	13.2	65.6	21.2	333.7	9.3	69 644	19 235	4436	45 807	166	60.5	43.6

Note. Area – data of CSB; population number, its density and changes, demographic burden and division of inhabitants per age groups – data of OCMA; personal income tax revenue in the local government budget – calculations of the SRDA by using the data of State Treasury and the OCMA; unemployment level – calculations of the SRDA by using the data of SEA and OCMA; number of economically active statistical units of market sector – provisional data of CSB.

Basic Indicators of Novads Development

Novads	Area, km ²	Population number on 01.01.2011	Population density on 01.01.2011, people/km ²	Changes in population number, 01.01.2006-01.01.2011, %	Demo-graphic burden on 01.01.2011	Division of inhabitants per age groups on 01.01.2011, %			Personal income tax revenue in the local government budget per capita in 2010, LVL	Unemploy-ment level on 01.01.2011, %	Number of econ. active statistical units of market sector by form of commercial activity in 2009						Number of ind. merchants and commerc. comp. per 1000 inh. in 2009
						Below working age	At working age	Above working age			Total	Self-employed persons	Individ. mer-chants	Com-mercial comp.	Farmer and fishermen househ.	Per 1000 inh.	
Adazi novads	163	10 007	61.6	22.8	468.2	18.3	68.1	13.6	385.3	6.0	476	146	27	288	15	50.0	33.1
Aglona novads	393	4382	11.2	-10.5	555.6	12.5	64.3	23.3	115.4	20.8	165	84	9	17	55	36.5	5.8
Aizkraukle novads	102	9894	96.8	-2.4	468.2	13.3	68.1	18.6	330.8	12.3	468	179	71	205	13	46.9	27.6
Aizpute novads	640	10 313	16.1	-5.9	580.3	14.9	63.3	21.8	190.3	13.1	679	376	26	109	168	64.8	12.9
Akniste novads	285	3183	11.2	-8.7	495.1	11.7	66.9	21.4	175.7	12.4	338	235	6	27	70	103.0	10.1
Aloja novads	631	5994	9.5	-8.0	531.8	13.1	65.3	21.6	167.8	11.4	462	242	15	62	143	75.6	12.6
Alsunga novads	191	1630	8.5	-13.3	516.3	13.2	66.0	20.9	187.2	15.2	112	59	10	11	32	67.3	12.6
Aluksne novads	1699	19 121	11.3	-5.0	518.7	13.7	65.8	20.5	189.5	16.1	1062	541	60	251	210	54.6	16.0
Amata novads	745	6332	8.5	-3.9	521.4	14.2	65.7	20.1	245.5	11.3	420	171	17	98	134	65.8	18.0
Ape novads	545	4250	7.8	-7.7	541.0	13.4	64.9	21.7	159.9	13.4	202	90	10	38	64	46.5	11.0
Auce novads	517	8494	16.4	-6.9	541.3	13.9	64.9	21.3	198.9	15.8	329	159	23	63	84	37.7	9.8
Babite novads	243	9328	38.4	18.7	503.3	18.3	66.5	15.1	423.9	6.7	536	150	19	352	15	59.8	41.4
Baldone novads	179	5729	32.0	8.5	541.7	17.3	64.9	17.8	295.4	7.5	214	85	18	97	14	38.3	20.6
Baltinava novads	187	1345	7.2	-10.9	565.8	11.0	63.9	25.1	140.2	25.6	91	42	2	14	33	66.2	11.6
Balvi novads	1045	15 505	14.8	-5.2	512.5	13.0	66.1	20.9	181.7	18.8	974	591	58	140	185	62.0	12.6
Bauska novads	786	27 826	35.4	-4.1	480.6	14.3	67.5	18.2	240.5	13.1	984	282	81	369	252	34.9	15.9
Beverina novads	302	3546	11.8	-3.4	495.6	13.1	66.9	20.1	225.5	11.0	235	101	6	57	71	66.0	17.7
Broceni novads	496	6978	14.1	-5.2	536.7	14.9	65.1	20.0	218.0	12.5	360	182	23	79	76	50.3	14.3
Burtnieki novads	702	8454	12.0	-5.1	494.7	13.5	66.9	19.6	210.8	10.9	536	226	20	109	181	62.3	15.0
Carnikava novads	80	6616	82.4	18.4	527.2	13.4	65.5	21.1	363.2	6.4	291	95	27	164	5	45.9	30.1
Cesis novads	173	19 538	113.0	-2.8	524.1	13.4	65.6	21.0	289.1	10.3	1293	478	211	533	71	65.2	37.5
Cesvaine novads	190	3107	16.3	-5.8	526.0	14.1	65.5	20.4	189.8	12.6	176	85	10	36	45	55.9	14.6
Cibla novads	510	3288	6.5	-9.8	496.6	11.3	66.8	21.9	130.1	25.7	244	164	6	14	60	72.4	5.9
Dagda novads	950	9242	9.7	-9.2	531.7	12.9	65.3	21.8	123.2	23.0	574	388	32	39	115	60.7	7.5
Daugavpils novads	1876	27 995	14.9	-7.0	501.9	12.3	66.6	21.1	129.9	14.0	1008	552	42	145	269	35.3	6.6
Dobele novads	888	24 227	27.3	-2.8	507.0	14.7	66.4	18.9	260.2	13.1	1093	402	161	294	236	44.8	18.7
Dundaga novads	676	4717	7.0	-7.0	527.5	13.2	65.5	21.3	170.1	8.3	213	102	21	56	34	44.0	15.9
Durbe novads	320	3386	10.6	-5.8	539.1	13.4	65.0	21.6	202.7	9.5	329	151	10	32	136	95.4	12.2
Engure novads	396	7973	20.1	-3.0	541.9	12.4	64.9	22.8	262.6	7.3	339	111	34	156	38	42.1	23.6
Ergli novads	379	3516	9.3	-6.1	572.5	11.7	63.6	24.7	197.6	13.3	178	87	9	35	47	50.0	12.4
Garkalne novads	152	7344	48.2	36.1	465.3	18.1	68.2	13.7	446.8	5.9	400	147	12	234	7	58.2	35.8
Grobina novads	490	10 234	20.9	-0.4	534.3	15.3	65.2	19.5	224.0	8.9	554	255	28	158	113	54.5	18.3
Gulbene novads	1872	24 918	13.3	-6.5	507.6	13.6	66.3	20.1	184.2	11.4	1224	538	91	399	196	48.3	19.3
Iecava novads	312	9773	31.3	1.8	518.0	16.0	65.9	18.2	269.0	9.6	253	49	25	121	58	25.8	14.9
Ikskile novads	131	8781	67.2	22.8	544.0	17.9	64.8	17.3	419.6	6.9	437	157	30	219	31	51.7	29.4
Ilukste novads	647	8955	13.8	-8.1	539.7	12.4	64.9	22.7	141.8	12.7	422	222	21	52	127	46.2	8.0
Incukalna novads	112	8542	76.4	3.8	474.5	14.3	67.8	17.9	362.5	11.8	257	69	16	164	8	30.3	21.3
Jaunjelgava novads	684	6464	9.4	-3.5	497.7	13.1	66.8	20.1	203.8	14.0	257	101	8	77	71	39.5	13.1
Jaunpiebalga novads	251	2657	10.6	-5.9	544.8	13.7	64.7	21.5	168.0	9.0	215	113	10	24	68	79.5	12.6
Jaunpils novads	209	2745	13.1	-7.1	492.7	14.5	67.0	18.5	193.0	10.3	134	41	9	33	51	48.2	15.1
Jekabpils novads	905	5698	6.3	-7.9	519.9	11.6	65.8	22.6	143.8	12.2	646	402	13	39	192	110.9	8.9
Jelgava novads	1317	27 018	20.5	-1.9	480.9	13.9	67.5	18.6	212.2	13.3	1190	463	57	248	422	43.8	11.2

Novads	Area, km ²	Population number on 01.01.2011	Population density on 01.01.2011, people/km ²	Changes in population number, 01.01.2006- 01.01.2011, %	Demo- graphic burden on 01.01.2011	Division of inhabitants per age groups on 01.01.2011, %		
						Below working age	At working age	Above working age
Kandava novads	649	9826	15.1	-5.0	531.2	15.3	65.3	19.4
Karsava novads	628	6910	11.0	-10.0	561.2	12.4	64.1	23.5
Koceni novads	499	7017	14.1	-0.8	492.3	13.7	67.0	19.3
Koknese novads	361	5999	16.6	-4.1	510.7	14.8	66.2	19.0
Kraslava novads	1079	19 679	18.2	-7.7	522.9	12.2	65.7	22.2
Krimulda novads	341	5753	16.9	-3.1	480.8	13.6	67.5	18.9
Krustpils novads	812	6647	8.2	-7.5	542.2	12.9	64.8	22.3
Kuldīga novads	1756	27 082	15.4	-3.4	533.7	15.4	65.2	19.4
Kegums novads	492	6301	12.8	-1.4	476.0	13.0	67.8	19.3
Kekava novads	272	21 848	80.4	20.0	506.8	17.9	66.4	15.8
Lielvarde novads	226	11 339	50.3	1.2	510.1	15.2	66.2	18.6
Līgatne novads	168	4011	23.9	-5.0	543.3	12.9	64.8	22.3
Limbazi novads	1170	19 388	16.6	-3.7	523.9	13.3	65.6	21.1
Līvāni novads	622	13 906	22.3	-6.0	496.4	12.7	66.8	20.4
Lubana novads	347	2829	8.2	-6.1	535.0	12.1	65.1	22.8
Ludza novads	966	15 456	16.0	-7.7	508.2	12.0	66.3	21.7
Madona novads	2160	27 589	12.8	-5.7	501.6	12.8	66.6	20.6
Malpils novads	221	3990	18.1	-6.3	476.1	14.4	67.7	17.8
Marupe novads	104	15 516	149.5	47.7	524.2	22.0	65.6	12.4
Mazsalaca novads	417	3899	9.4	-8.6	580.5	12.4	63.3	24.3
Mersrags novads	109	1829	16.8	-4.4	591.8	12.8	62.8	24.3
Nauksēni novads	281	2271	8.1	-6.1	497.0	14.2	66.8	19.0
Nerēti novads	645	4309	6.7	-8.9	483.3	11.6	67.4	21.0
Nīca novads	351	3842	10.9	-1.3	528.2	12.6	65.4	22.0
Ogre novads	990	38 741	39.1	-0.1	517.2	14.5	65.9	19.6
Olaine novads	298	20 658	69.2	9.0	476.5	14.7	67.7	17.6
Ozolnīki novads	286	10 416	36.4	8.1	536.3	16.5	65.1	18.4
Pargauja novads	486	4395	9.0	-4.3	501.0	12.9	66.6	20.5
Pavilosta novads	515	3212	6.2	-6.5	554.7	12.5	64.3	23.2
Plavinas novads	376	6239	16.6	-7.0	547.4	12.7	64.6	22.6
Preiļi novads	364	11 662	32.0	-5.7	488.8	12.4	67.2	20.5
Priekule novads	520	6540	12.6	-4.6	557.9	14.9	64.2	20.9
Priekule novads	301	9321	30.9	-4.5	494.7	13.8	66.9	19.3
Rauna novads	309	3985	12.9	-7.2	516.4	12.9	65.9	21.2
Rezekne novads	2525	31 377	12.4	-6.3	499.4	13.4	66.7	19.9
Riebiņi novads	630	6118	9.7	-8.8	534.9	12.3	65.2	22.6
Roja novads	201	4435	22.1	-3.7	536.7	13.8	65.1	21.1
Ropazi novads	325	7153	22.0	9.6	450.3	14.8	69.0	16.3
Rucava novads	448	2008	4.5	-6.4	596.2	12.5	62.6	24.8
Rugāji novads	515	2627	5.1	-7.2	525.6	13.7	65.6	20.7
Rūjiena novads	353	6141	17.4	-5.6	535.6	12.8	65.1	22.1
Rundāle novads	231	4255	18.4	-6.3	486.7	12.8	67.3	19.9
Salacgrīva novads	637	9355	14.7	-6.6	515.0	12.7	66.0	21.3
Sala novads	317	4261	13.4	-5.0	459.7	14.7	68.5	16.8

Personal income tax revenue in the local government budget per capita in 2010, LVL	Unemploy- ment level on 01.01.2011, %	Number of econ. active statistical units of market sector by form of commercial activity in 2009						Number of ind. merchants and commerc. comp. per 1000 inh. in 2009
		Total	Self- employed persons	Individ. mer- chants	Com- mercial comp.	Farmer and fishermen househ.	Per 1000 inh.	
189.2	10.6	462	189	25	109	139	46.1	13.4
133.3	25.8	430	266	20	45	99	60.9	9.2
210.4	11.2	450	167	20	117	146	64.2	19.5
233.7	10.2	276	119	18	69	70	45.5	14.3
141.6	19.9	902	484	127	132	159	44.9	12.9
262.7	9.4	329	136	17	104	72	57.0	21.0
161.3	15.1	505	295	11	51	148	74.5	9.2
193.0	14.2	1677	739	116	417	405	61.4	19.5
275.2	11.2	283	108	17	92	66	44.4	17.1
413.7	6.5	1031	328	57	630	16	48.8	32.5
291.4	10.4	468	188	31	197	52	40.9	19.9
232.5	12.2	165	68	16	48	33	40.8	15.8
224.9	13.1	1397	725	73	320	279	71.1	20.0
158.9	18.2	851	432	70	168	181	59.9	16.7
193.9	12.8	125	68	8	26	23	43.7	11.9
168.0	23.4	691	391	103	132	65	43.4	14.8
203.1	12.7	1776	812	76	487	401	63.5	20.1
278.8	10.7	200	68	12	74	46	49.0	21.1
403.6	5.3	1109	250	21	824	14	77.6	59.1
150.6	11.7	262	142	13	36	71	65.3	12.2
213.5	9.6	71	24	11	30	6	37.1	22.9
178.5	9.3	181	85	1	30	65	78.4	13.4
168.4	13.4	203	116	12	22	53	46.2	7.7
201.6	9.5	339	195	14	56	74	87.2	18.0
311.3	9.5	1787	654	128	826	179	46.0	24.5
313.7	10.8	601	171	41	380	9	29.7	20.8
292.6	9.7	429	127	33	213	56	41.9	24.0
205.1	10.6	358	144	20	66	128	80.0	19.2
178.0	8.4	246	119	9	47	71	75.6	17.2
219.6	11.5	217	79	11	72	55	33.9	13.0
211.6	17.0	836	472	52	153	159	70.4	17.3
165.7	16.4	512	310	5	48	149	76.9	8.0
248.2	10.2	451	184	41	137	89	47.5	18.7
174.8	8.5	280	117	9	47	107	68.9	13.8
133.1	25.1	1734	943	53	243	495	54.2	9.3
107.9	22.1	587	365	9	32	181	93.4	6.5
194.2	8.8	199	69	30	83	17	44.0	24.2
279.5	7.7	242	62	13	149	18	35.2	23.5
130.4	14.4	185	110	3	15	57	92.3	9.0
130.0	19.9	249	160	4	15	70	92.8	7.1
188.1	10.4	363	182	18	59	104	58.5	12.4
180.1	12.5	151	45	9	29	68	34.9	8.8
226.5	9.3	567	294	41	126	106	59.7	17.6
187.8	13.2	340	181	13	56	90	77.9	15.8

Novads	Area, km ²	Population number on 01.01.2011	Population density on	Changes in population number,	Demo- graphic burden on 01.01.2011	Division of inhabitants per age			Personal income tax revenue in the local government budget per capita in 2010, LVL	Unemploy- ment level on 01.01.2011, %	Number of econ. active statistical units of market sector by form of commercial activity in 2009					Per 1000 inh.	Number of ind. merchants and commerc. comp. per 1000 inh. in 2009
			01.01.2011, people/km ²	01.01.2006- 01.01.2011, %		Below working age	At working age	Above working age			Total	Self- employed persons	Individ. mer- chants	Com- mercial comp.	Farmer and fishermen househ.		
Salaspils novads	126	23 221	184.3	9.0	489.2	15.2	67.2	17.6	340.0	10.4	844	237	48	547	12	36.8	25.9
Saldus novads	1682	28 493	16.9	-4.0	496.4	15.2	66.8	18.0	214.8	11.5	1931	846	172	516	397	66.9	23.8
Saulkrasti novads	48	6140	129.3	4.6	599.0	12.8	62.5	24.7	336.2	6.7	255	99	14	139	3	41.8	25.1
Seja novads	230	2524	11.0	3.7	459.0	14.2	68.5	17.2	300.1	9.6	94	34	4	41	15	38.3	18.3
Sigulda novads	361	17 820	49.4	5.5	527.4	15.7	65.5	18.8	328.8	10.4	1003	312	58	556	77	57.0	34.9
Skriveri novads	105	4055	38.5	-2.3	568.1	12.7	63.8	23.5	260.5	10.5	127	59	10	39	19	31.0	12.0
Skrunda novads	557	5948	10.7	-6.2	569.0	15.0	63.7	21.3	163.6	16.7	314	132	20	67	95	52.2	14.5
Smiltene novads	947	14 226	15.0	-3.6	512.4	14.5	66.1	19.4	234.6	8.9	943	433	47	237	226	65.9	19.9
Stopini novads	53	10 019	187.6	21.5	484.1	17.0	67.4	15.6	384.0	8.0	484	119	16	343	6	50.2	37.2
Strenci novads	375	4185	11.2	-6.6	585.8	12.2	63.1	24.8	198.9	15.2	131	50	7	35	39	30.8	9.9
Talsi novads	1763	34 264	19.4	-3.4	507.9	14.5	66.3	19.2	217.4	12.7	2183	1009	222	547	405	63.0	22.2
Tervete novads	224	4050	18.1	-7.0	477.0	13.5	67.7	18.8	209.5	11.4	238	99	4	22	113	57.2	6.3
Tukums novads	1194	33 318	27.9	-1.4	531.8	15.9	65.3	18.8	244.5	11.0	1417	467	166	584	200	42.4	22.4
Vainode novads	307	2917	9.5	-6.5	633.3	15.1	61.2	23.7	150.8	16.5	137	68	3	15	51	46.3	6.1
Valka novads	908	10 445	11.5	-6.2	543.1	12.0	64.8	23.2	201.7	16.1	553	285	37	116	115	52.1	14.4
Varaklani novads	278	3875	13.9	-7.1	618.0	13.1	61.8	25.1	135.4	13.9	265	150	6	44	65	67.3	12.7
Varkava novads	288	2355	8.2	-7.8	579.5	12.3	63.3	24.4	104.4	20.4	305	171	2	4	128	127.2	2.5
Vecpiebalga novads	542	4723	8.7	-4.0	506.1	13.0	66.4	20.6	170.7	12.0	375	213	15	41	106	78.4	11.7
Vecumnieki novads	844	9638	11.4	-5.2	505.7	13.7	66.4	19.8	223.1	10.6	281	103	19	70	89	28.5	9.0
Ventspils novads	2457	13 440	5.5	-3.6	496.3	14.6	66.8	18.6	225.5	10.4	720	276	63	176	205	52.6	17.5
Viesīte novads	651	4574	7.0	-7.6	552.6	13.9	64.4	21.6	161.9	14.8	299	135	17	41	106	64.0	12.4
Vilaka novads	641	6319	9.9	-10.9	550.7	12.9	64.5	22.6	142.1	22.1	326	216	14	25	71	50.2	6.0
Vīlani novads	287	7029	24.5	-6.4	541.8	13.0	64.9	22.2	137.0	29.2	295	169	11	69	46	41.0	11.1
Zilupe novads	309	3655	11.8	-7.7	503.5	13.2	66.5	20.3	108.5	29.3	112	68	8	21	15	29.9	7.8
In all novads	63 843	1 096 413	17.2	-1.8	513.8	14.2	66.1	19.7	232.6	12.8	58 512	26 044	3796	16 962	11 710	53.0	18.8

Note. Area – data of CSB; population number, its density and changes, demographic burden and division of inhabitants per age groups – data of OCMA; personal income tax revenue in the local government budget – calculations of the SRDA by using the data of State Treasury and the OCMA; unemployment level – calculations of the SRDA by using the data of SEA and OCMA; number of economically active statistical units of market sector – provisional data of CSB.

ANNEX 2. Planning Region, Republican City and Novads Territory Development Indexes

Territory Development Indexes of Planning Regions

Planning region	Territory development level index			Territory development level alteration index		
	according to data of 2008	according to data of 2009	according to data of 2010	acc. to data of 2009 compared to 2008	acc. to data of 2010 compared to 2009	
	Value Ranking	Value Ranking	Value Ranking	Value Ranking	Value Ranking	
Riga region	0.989 1	0.956 1	0.786 1	0.383 1	0.912 1	
Vidzeme region	-0.827 4	-0.803 4	-0.724 4	-1.549 4	-0.768 4	
Kurzeme region	-0.651 3	-0.701 3	-0.577 3	-1.407 3	-0.564 3	
Zemgale region	-0.516 2	-0.508 2	-0.454 2	-1.328 2	-0.452 2	
Latgale region	-1.267 5	-1.164 5	-0.838 5	-2.111 5	-1.162 5	

Territory Development Indexes of Republican Cities

Republican city	Territory development level index			Territory development level alteration index		
	according to data of 2008	according to data of 2009	according to data of 2010	acc. to data of 2009 compared to 2008	acc. to data of 2010 compared to 2009	
	Value Ranking	Value Ranking	Value Ranking	Value Ranking	Value Ranking	
Riga	0.283 4	0.288 2	0.291 2	-2.413 2	0.433 2	
Daugavpils	-0.690 6	-0.504 6	-0.693 6	-3.117 6	-0.496 6	
Jekabpils	-0.856 7	-0.809 7	-0.709 7	-4.064 7	-0.620 7	
Jelgava	0.402 2	0.133 3	0.213 4	-2.798 4	0.350 4	
Jurmala	0.623 1	0.536 1	0.505 1	-2.398 1	0.580 1	
Liepaja	-1.368 8	-1.417 8	-1.209 8	-4.597 8	-1.117 8	
Rezekne	-1.791 9	-1.585 9	-1.796 9	-5.311 9	-1.832 9	
Valmiera	0.329 3	0.053 5	0.215 3	-2.917 5	0.356 3	
Ventspils	0.070 5	0.118 4	0.037 5	-2.593 3	0.178 5	

Territory Development Indexes of Novads

Novads	Territory development level index			Territory development level alteration index		
	according to data of 2008	according to data of 2009	according to data of 2010	acc. to data of 2009 compared to 2008	acc. to data of 2010 compared to 2009	
	Value Ranking	Value Ranking	Value Ranking	Value Ranking	Value Ranking	
Adazi novads	1.959 3	2.062 3	1.934 3	0.922 3	2.187 3	
Aglona novads	-1.423 104	-1.267 101	-1.473 104	-2.389 99	-1.474 105	
Aizkraukle novads	0.735 15	0.595 17	0.739 14	-0.787 26	0.898 14	
Aizpute novads	-0.939 95	-0.727 88	-0.764 88	-1.819 86	-0.597 86	
Akniste novads	-0.225 60	-0.222 64	-0.212 61	-1.298 66	-0.085 64	
Aloja novads	-0.316 69	-0.419 74	-0.439 74	-1.436 75	-0.277 74	
Alsunga novads	-0.295 67	-0.282 68	-0.609 80	-1.297 65	-0.506 79	
Aluksne novads	-0.556 80	-0.592 82	-0.484 75	-1.820 87	-0.406 77	
Amata novads	-0.271 64	-0.159 55	0.044 44	-1.252 60	0.224 43	
Ape novads	-0.711 88	-0.694 86	-0.657 84	-1.754 85	-0.528 80	
Auce novads	-0.575 83	-0.711 87	-0.640 81	-1.961 90	-0.538 82	
Babite novads	1.750 4	1.779 5	1.683 4	0.593 5	1.964 4	
Baldone novads	0.657 18	0.650 13	0.618 15	-0.348 12	0.876 15	
Baltinava novads	-3.205 110	-2.252 110	-1.767 110	-3.767 110	-1.835 109	
Balvi novads	-0.595 84	-0.617 84	-0.647 83	-1.866 89	-0.623 87	
Bauska novads	0.204 33	0.135 32	0.210 30	-1.099 45	0.333 32	
Beverina novads	0.110 37	0.068 39	0.187 32	-1.036 41	0.349 30	
Brocenis novads	-0.192 58	-0.232 66	-0.284 67	-1.364 69	-0.125 68	
Burtneki novads	0.296 27	0.169 31	0.105 38	-0.921 33	0.265 37	
Carnikava novads	1.555 7	1.390 8	1.280 8	0.258 7	1.558 8	
Cesis novads	0.307 25	0.309 23	0.281 26	-0.874 28	0.494 27	
Cesvaine novads	-0.317 70	-0.363 71	-0.331 70	-1.415 73	-0.188 70	

Novads	Territory development level index			Territory development level alteration index		
	according to data of 2008	according to data of 2009	according to data of 2010	acc. to data of 2009 compared to 2008	acc. to data of 2010 compared to 2009	
	Value Ranking	Value Ranking	Value Ranking	Value Ranking	Value Ranking	
Cibla novads	-1.027 96	-1.262 99	-1.278 99	-2.659 104	-1.395 100	
Dagda novads	-1.199 99	-1.424 104	-1.372 101	-2.778 105	-1.423 102	
Daugavpils novads	-0.428 73	-0.299 70	-0.508 78	-1.271 61	-0.425 78	
Dobele novads	0.021 43	0.042 44	0.119 37	-1.225 58	0.264 39	
Dundaga novads	-0.219 59	-0.121 51	-0.175 58	-1.045 42	0.037 53	
Durbe novads	-0.463 75	-0.192 61	-0.183 60	-1.174 53	0.025 55	
Engure novads	0.332 24	0.227 27	0.232 27	-0.746 23	0.498 25	
Ergli novads	-0.771 89	-0.595 83	-0.697 86	-1.658 81	-0.534 81	
Garkalne novads	2.737 1	2.773 1	2.500 1	1.528 1	2.755 1	
Grobina novads	0.019 44	0.071 37	0.098 39	-0.966 36	0.315 34	
Gulbene novads	-0.253 62	-0.141 53	-0.160 56	-1.182 54	-0.009 58	
Iecava novads	0.305 26	0.415 22	0.398 23	-0.684 21	0.604 24	
Ikšķile novads	1.382 8	1.399 7	1.447 7	0.237 8	1.741 7	
Ilukste novads	-0.564 82	-0.508 80	-0.684 85	-1.441 76	-0.549 84	
Incukalns novads	0.769 14	0.708 12	0.986 12	-0.529 14	1.160 12	
Jaunjelgava novads	-0.146 54	-0.184 59	-0.106 52	-1.316 67	-0.002 57	
Jaunpiebalga novads	-0.450 74	-0.382 72	-0.327 68	-1.296 64	-0.118 66	
Jaunpils novads	0.115 36	0.059 41	0.039 46	-0.958 35	0.204 47	
Jekabpils novads	-0.559 81	-0.468 76	-0.494 76	-1.372 70	-0.363 76	
Jelgava novads	0.234 28	0.218 29	0.128 36	-0.879 29	0.233 42	
Kandava novads	-0.267 63	-0.224 65	-0.226 63	-1.222 57	-0.046 60	
Karsava novads	-1.913 108	-1.795 108	-1.751 109	-3.223 107	-1.829 108	

Novads	Territory development level index						Territory development level alteration index					
	according to data of 2008		according to data of 2009		according to data of 2010		acc. to data of 2009 compared to 2008		acc. to data of 2010 compared to 2009		Value	Ranking
	Value	Ranking	Value	Ranking	Value	Ranking	Value	Ranking	Value	Ranking		
Koceni novads	0.230	29	0.061	40	0.201	31	-1.075	44	0.347	31		
Koknese novads	0.182	35	0.070	38	0.139	34	-1.017	40	0.327	33		
Kraslava novads	-0.846	92	-0.903	93	-1.009	93	-2.154	95	-1.009	94		
Krimulda novads	0.477	23	0.452	21	0.549	18	-0.687	22	0.742	18		
Krustpils novads	-0.655	86	-0.496	79	-0.764	87	-1.495	78	-0.663	88		
Kuldīga novads	-0.326	72	-0.479	78	-0.422	73	-1.636	80	-0.303	75		
Kegums novads	0.725	17	0.624	16	0.556	17	-0.510	13	0.717	19		
Kekava novads	1.728	5	1.780	4	1.663	5	0.604	4	1.944	5		
Lielvarde novads	0.530	20	0.521	19	0.480	22	-0.599	19	0.678	21		
Līgatne novads	-0.188	57	-0.210	62	-0.248	64	-1.373	71	-0.073	62		
Limbazi novads	-0.144	53	-0.042	49	-0.163	57	-1.147	49	-0.020	59		
Līvāni novads	-1.104	97	-0.765	90	-0.598	79	-2.132	94	-0.581	85		
Lubāna novads	-0.532	79	-0.271	67	-0.402	72	-1.280	62	-0.254	72		
Ludza novads	-0.790	91	-0.978	96	-1.020	94	-2.434	100	-1.079	97		
Madona novads	-0.151	55	-0.122	52	-0.108	54	-1.243	59	0.022	56		
Malpils novads	0.787	13	0.215	30	0.488	21	-1.114	46	0.666	22		
Marupe novads	2.060	2	2.250	2	2.209	2	1.102	2	2.478	2		
Mazsalaca novads	-0.510	78	-0.754	89	-0.895	91	-1.729	83	-0.715	90		
Mersrags novads	-0.273	65	-0.294	69	-0.503	77	-1.157	52	-0.261	73		
Naukšēni novads	0.057	40	0.116	33	0.040	45	-0.797	27	0.219	46		
Nereta novads	-0.506	77	-0.384	73	-0.222	62	-1.466	77	-0.122	67		
Nīca novads	-0.056	49	0.050	42	-0.002	48	-0.903	30	0.194	48		
Ogre novads	0.612	19	0.580	18	0.534	19	-0.573	17	0.761	17		
Olaine novads	0.991	11	0.950	11	0.966	13	-0.342	11	1.133	13		
Ozolnīeki novads	0.510	21	0.513	20	0.497	20	-0.578	18	0.715	20		
Pargauja novads	0.044	41	0.079	36	0.074	43	-0.937	34	0.241	41		
Pavilosta novads	-0.468	76	-0.470	77	-0.338	71	-1.414	72	-0.109	65		
Plavinas novads	-0.157	56	-0.441	75	-0.330	69	-1.594	79	-0.142	69		
Preiļi novads	-0.234	61	-0.173	58	-0.255	65	-1.433	74	-0.203	71		
Priekule novads	-0.671	87	-0.914	94	-0.874	90	-2.130	93	-0.788	92		
Priekuli novads	0.215	32	0.220	28	0.309	25	-0.916	32	0.495	26		
Rauna novads	-0.123	52	0.010	47	-0.093	51	-0.908	31	0.110	49		
Rezekne novads	-1.231	101	-1.164	98	-1.166	97	-2.584	102	-1.275	99		

Novads	Territory development level index						Territory development level alteration index					
	according to data of 2008		according to data of 2009		according to data of 2010		acc. to data of 2009 compared to 2008		acc. to data of 2010 compared to 2009			
	Value	Ranking	Value	Ranking	Value	Ranking	Value	Ranking	Value	Ranking	Value	Ranking
Riebini novads	-1.488	105	-1.349	103	-1.393	102	-2.493	101	-1.433	103		
Roja novads	-0.025	47	-0.170	57	-0.108	53	-1.190	56	0.105	50		
Ropazi novads	1.218	9	1.226	9	1.239	9	0.088	9	1.431	9		
Rucava novads	-0.785	90	-0.930	95	-1.211	98	-1.843	88	-1.077	96		
Rugaji novads	-1.226	100	-0.902	92	-1.063	96	-2.033	91	-1.066	95		
Rujiena novads	-0.102	50	-0.166	56	-0.265	66	-1.154	51	-0.079	63		
Rundale novads	-0.285	66	-0.214	63	-0.090	50	-1.361	68	0.027	54		
Salacgriva novads	0.014	46	0.018	46	0.082	42	-1.049	43	0.289	36		
Sala novads	0.102	39	0.116	34	0.131	35	-0.986	37	0.222	45		
Salaspils novads	1.107	10	0.960	10	1.003	10	-0.338	10	1.195	10		
Saldus novads	0.104	38	0.025	45	0.096	40	-1.116	47	0.247	40		
Saulkrasti novads	0.477	22	0.302	24	0.310	24	-0.662	20	0.636	23		
Seja novads	0.910	12	0.644	14	0.999	11	-0.572	16	1.180	11		
Sigulda novads	0.731	16	0.628	15	0.596	16	-0.556	15	0.812	16		
Skriveri novads	-0.030	48	-0.191	60	-0.153	55	-1.291	63	0.072	52		
Skrunda novads	-0.939	94	-1.035	97	-1.022	95	-2.200	96	-0.932	93		
Smiltene novads	0.201	34	0.263	26	0.226	28	-0.766	24	0.438	28		
Stopini novads	1.634	6	1.671	6	1.654	6	0.466	6	1.882	6		
Strenci novads	-0.864	93	-0.884	91	-0.923	92	-2.066	92	-0.784	91		
Talsi novads	0.028	42	-0.064	50	-0.041	49	-1.190	55	0.097	51		
Tervete novads	0.015	45	-0.011	48	0.151	33	-1.141	48	0.294	35		
Tukums novads	0.221	31	0.100	35	0.038	47	-0.993	38	0.224	44		
Vainode novads	-1.153	98	-1.262	100	-1.542	105	-2.319	98	-1.415	101		
Valka novads	-0.304	68	-0.544	81	-0.644	82	-1.751	84	-0.545	83		
Varaklani novads	-1.347	102	-1.317	102	-1.333	100	-2.314	97	-1.174	98		
Varkava novads	-1.406	103	-1.507	105	-1.604	107	-2.623	103	-1.591	106		
Vecpiebalga novads	-0.318	71	-0.149	54	-0.182	59	-1.149	50	-0.051	61		
Vecumnieki novads	-0.104	51	0.044	43	0.088	41	-1.001	39	0.264	38		
Ventspils novads	0.228	30	0.270	25	0.218	29	-0.776	25	0.392	29		
Viesīte novads	-0.633	85	-0.669	85	-0.817	89	-1.691	82	-0.703	89		
Vilaka novads	-1.712	106	-1.589	106	-1.423	103	-2.943	106	-1.438	104		
Vilani novads	-1.963	109	-1.903	109	-1.725	108	-3.552	109	-1.876	110		
Zīlupe novads	-1.786	107	-1.714	107	-1.594	106	-3.321	108	-1.779	107		

ANNEX 3. Local Government Budget Revenue in 2010

Local government	Population number on 01.01.2011	Principal budget revenue, LVL		Tax revenue, LVL		% of the principal budget	Personal income tax revenue, LVL		Real estate tax revenue, LVL		Transfers, LVL		% of the principal budget	Special budget revenue, LVL	
		total	per capita	total	per capita		total	per capita	total	per capita	total	per capita		total	per capita
Riga	703 581	434 307 511	617	309 334 292	440	71	261 023 399	371	45 855 567	65	83 831 659	119	19	-	-
Daugavpils	102 496	57 459 066	561	22 725 812	222	40	20 905 273	204	1 695 839	17	31 757 512	310	55	1 097 948	11
Jekabpils	26 284	16 959 314	645	6 559 442	250	39	6 148 525	234	337 256	13	9 930 573	378	59	299 212	11
Jelgava	64 516	40 098 455	622	21 871 208	339	55	20 186 526	313	1 555 354	24	16 907 365	262	42	878 040	14
Jurmala	56 060	33 768 411	602	24 779 996	442	73	20 035 018	357	4 643 834	83	5 871 504	105	17	756 920	14
Liepaja	83 415	41 139 849	493	23 819 491	286	58	21 073 407	253	2 612 153	31	15 518 962	186	38	3 205 710	38
Rezekne	34 596	24 471 152	707	8 901 933	257	36	8 343 534	241	452 324	13	14 354 562	415	59	450 841	13
Valmiera	27 040	17 280 552	639	9 683 832	358	56	8 862 976	328	747 265	28	6 406 882	237	37	268 284	10
Ventspils	42 509	35 997 816	847	16 048 140	378	45	13 969 583	329	1 977 607	47	15 524 794	365	43	1 807 413	43
In republican cities	1 140 497	701 482 126	615	443 724 146	389	63	380 548 241	334	59 877 199	53	200 103 813	175	29	8 764 368	8
Adazi novads	10 007	6 179 337	618	4 493 108	449	73	3 856 081	385	627 647	63	1 300 402	130	21	109 261	11
Aglona novads	4382	3 240 335	739	564 085	129	17	505 726	115	58 359	13	2 368 313	540	73	83 086	19
Aizkraukle novads	9894	9 638 510	974	3 572 540	361	37	3 272 490	331	280 345	28	5 795 737	586	60	169 175	17
Aizpute novads	10 313	5 635 873	546	2 200 977	213	39	1 962 366	190	238 611	23	3 139 697	304	56	145 327	14
Akniste novads	3183	1 851 676	582	624 957	196	34	559 241	176	65 716	21	1 155 275	363	62	55 533	17
Aloja novads	5994	3 169 821	529	1 123 743	187	35	1 005 999	168	117 744	20	1 823 037	304	58	74 180	12
Alsunga novads	1630	993 646	610	352 302	216	35	305 160	187	47 142	29	557 992	342	56	29 967	18
Aluksne novads	19 121	11 359 099	594	4 035 111	211	36	3 624 237	190	384 630	20	6 328 525	331	56	272 932	14
Amata novads	6332	4 478 519	707	1 753 939	277	39	1 554 567	246	199 372	31	2 439 220	385	54	135 488	21
Ape novads	4250	3 601 472	847	803 670	189	22	679 577	160	124 093	29	2 333 095	549	65	69 736	16
Auce novads	8494	4 409 732	519	1 891 158	223	43	1 689 644	199	201 514	24	2 224 563	262	50	194 080	23
Babite novads	9328	6 139 157	658	4 577 390	491	75	3 953 695	424	623 695	67	1 355 292	145	22	105 214	11
Baldone novads	5729	3 004 021	524	1 879 700	328	63	1 692 067	295	187 633	33	1 018 212	178	34	57 224	10
Baltinava novads	1345	1 397 142	1039	221 650	165	16	188 632	140	33 018	25	1 152 277	857	82	36 825	27
Balvi novads	15 505	10 293 592	664	3 066 578	198	30	2 817 476	182	228 161	15	5 773 179	372	56	194 181	13
Bauska novads	27 826	15 035 489	540	7 372 807	265	49	6 693 283	241	660 519	24	6 661 368	239	44	299 935	11
Beverina novads	3546	1 983 380	559	915 140	258	46	799 596	225	115 544	33	863 175	243	44	125 982	36
Broceni novads	6978	3 725 566	534	1 726 984	247	46	1 521 349	218	205 635	29	1 673 234	240	45	116 433	17
Burtnieki novads	8454	3 387 700	401	2 027 934	240	60	1 782 516	211	245 418	29	1 169 736	138	35	88 665	10
Carnikava novads	6616	4 614 421	697	2 843 622	430	62	2 402 666	363	440 956	67	842 552	127	18	41 540	6
Cesis novads	19 538	17 297 460	885	6 230 335	319	36	5 648 394	289	543 898	28	10 172 135	521	59	380 160	19
Cesvaine novads	3107	2 075 929	668	650 341	209	31	589 745	190	60 596	20	1 259 965	406	61	57 088	18
Cibla novads	3288	2 045 094	622	494 450	150	24	427 743	130	66 707	20	1 468 206	447	72	73 219	22
Dagda novads	9242	5 958 740	645	1 291 384	140	22	1 138 938	123	152 446	16	4 166 648	451	70	153 726	17
Daugavpils novads	27 995	14 841 925	530	4 142 445	148	28	3 635 816	130	506 629	18	9 235 050	330	62	567 343	20
Dobele novads	24 227	14 053 125	580	6 968 775	288	50	6 302 694	260	637 866	26	6 394 813	264	46	361 446	15
Dundaga novads	4717	2 560 644	543	928 991	197	36	802 317	170	126 674	27	1 501 020	318	59	48 276	10
Durbe novads	3386	1 582 330	467	813 331	240	51	686 288	203	127 043	38	692 195	204	44	83 854	25
Engure novads	7973	5 050 098	633	2 297 170	288	45	2 093 939	263	203 231	25	1 388 613	174	27	76 064	10
Ergli novads	3516	2 034 538	579	772 084	220	38	694 617	198	77 467	22	1 046 093	298	51	56 184	16
Garkalne novads	7344	4 403 210	600	3 806 287	518	86	3 281 553	447	524 734	71	533 412	73	12	234 027	32
Grobina novads	10 234	4 900 673	479	2 604 789	255	53	2 292 463	224	312 326	31	2 060 731	201	42	181 047	18

Local government	Population number on 01.01.2011	Principal budget revenue, LVL		Tax revenue, LVL		% of the principal budget
		total	per capita	total	per capita	
Gulbene novads	24 918	14 908 334	598	5 088 631	204	34
Iecava novads	9773	6 024 981	616	2 904 292	297	48
Ilkskile novads	8781	6 760 815	770	3 942 435	449	58
Ilukste novads	8955	5 314 037	593	1 500 449	168	28
Incukalna novads	8542	4 538 279	531	3 329 645	390	73
Jaunjelgava novads	6464	4 032 423	624	1 446 492	224	36
Jaunpiebalga novads	2657	1 971 259	742	505 411	190	26
Jaunpils novads	2745	1 254 467	457	609 931	222	49
Jekabpils novads	5698	3 493 377	613	990 681	174	28
Jelgava novads	27 018	14 491 543	536	6 553 749	243	45
Kandava novads	9826	5 684 490	579	2 082 923	212	37
Karsava novads	6910	3 783 199	547	1 048 325	152	28
Koceni novads	7017	4 444 084	633	1 649 997	235	37
Koknese novads	5999	4 281 422	714	1 512 304	252	35
Kraslava novads	19 679	11 436 441	581	3 043 415	155	27
Krimulda novads	5753	2 758 425	479	1 710 806	297	62
Krustpils novads	6647	5 012 250	754	1 278 303	192	26
Kuldīga novads	27 082	17 311 281	639	5 891 492	218	34
Kegums novads	6301	3 169 463	503	1 930 430	306	61
Kekava novads	21 848	12 206 750	559	10 015 771	458	82
Lielvarde novads	11 339	6 069 069	535	3 540 251	312	58
Līgatne novads	4011	2 473 067	617	998 045	249	40
Limbazi novads	19 388	10 552 596	544	4 941 452	255	47
Līvāni novads	13 906	9 787 185	704	2 432 596	175	25
Lubāna novads	2829	1 438 654	509	608 769	215	42
Ludza novads	15 456	8 416 933	545	2 823 579	183	34
Madona novads	27 589	16 930 998	614	6 217 688	225	37
Malpils novads	3990	3 269 269	819	1 202 368	301	37
Marupe novads	15 516	9 213 076	594	7 482 304	482	81
Mazsalaca novads	3899	1 991 280	511	664 796	171	33
Nauksēni novads	2271	1 273 495	561	490 847	216	39
Nerēti novads	4309	2 417 434	561	836 512	194	35
Nīca novads	3842	2 000 577	521	880 792	229	44
Ogre novads	38 741	32 086 813	828	13 149 571	339	41
Olaine novads	20 658	9 568 561	463	7 170 528	347	75
Ozolnēki novads	10 416	5 533 977	531	3 314 207	318	60
Pargauja novads	4395	2 910 803	662	1 008 755	230	35
Pavilosta novads	3212	2 106 100	656	698 962	218	33
Plavinas novads	6239	3 025 832	485	1 484 666	238	49
Preiļi novads	11 662	6 120 035	525	2 644 953	227	43
Priekule novads	6540	4 034 850	617	1 266 355	194	31
Priekuli novads	9321	6 620 278	710	2 475 908	266	37
Rauna novads	3985	2 552 262	640	801 775	201	31
Rezekne novads	31 377	18 412 467	587	4 691 020	150	25
Riebiņi novads	6118	3 555 702	581	795 864	130	22
Roja novads	6264	2 924 022	467	1 419 858	227	49

Personal income tax revenue, LVL		Real estate tax revenue, LVL		Transfers, LVL		% of the principal budget	Special budget revenue, LVL	
total	per capita	total	per capita	total	per capita		total	per capita
4 589 655	184	479 166	19	8 748 088	351	59	310 647	12
2 629 336	269	257 991	26	2 879 476	295	48	92 965	10
3 684 293	420	258 142	29	1 281 559	146	19	77 493	9
1 269 628	142	230 821	26	3 508 116	392	66	166 496	19
3 096 233	362	233 412	27	922 588	108	20	75 894	9
1 317 288	204	129 204	20	2 200 411	340	55	151 682	23
446 414	168	58 997	22	1 110 910	418	56	42 613	16
529 725	193	80 206	29	617 991	225	49	46 438	17
819 626	144	171 055	30	2 083 747	366	60	124 672	22
5 733 835	212	819 914	30	7 348 760	272	51	434 065	16
1 858 764	189	224 159	23	3 406 080	347	60	130 019	13
920 951	133	123 162	18	2 524 169	365	67	120 017	17
1 476 399	210	173 598	25	2 405 035	343	54	89 012	13
1 401 687	234	110 617	18	2 488 655	415	58	75 125	13
2 787 363	142	247 652	13	6 954 992	353	61	295 658	15
1 511 071	263	199 735	35	896 743	156	33	205 863	36
1 071 928	161	206 375	31	2 998 194	451	60	127 872	19
5 226 050	193	648 639	24	10 396 296	384	60	446 633	16
1 733 921	275	196 509	31	1 056 540	168	33	76 444	12
9 039 024	414	968 277	44	1 664 752	76	14	245 100	11
3 304 036	291	219 296	19	1 910 695	169	31	121 432	11
932 447	232	65 598	16	1 006 087	251	41	48 349	12
4 360 925	225	563 727	29	5 040 287	260	48	311 754	16
2 209 859	159	205 517	15	6 879 317	495	70	145 547	10
548 496	194	60 273	21	687 393	243	48	37 599	13
2 596 203	168	213 275	14	5 056 610	327	60	267 085	17
5 602 659	203	584 520	21	9 283 684	336	55	451 903	16
1 112 583	279	89 785	23	1 645 420	412	50	49 541	12
6 262 087	404	1 220 217	79	1 463 805	94	16	96 152	6
587 212	151	77 584	20	1 216 067	312	61	39 739	10
405 451	179	85 396	38	650 174	286	51	31 293	14
725 502	168	111 010	26	1 375 376	319	57	63 700	15
774 412	202	106 380	28	930 174	242	46	68 441	18
12 059 029	311	1 054 804	27	9 646 802	249	30	421 151	11
6 479 764	314	664 600	32	2 005 314	97	21	93 667	5
3 048 019	293	266 188	26	1 532 809	147	28	130 584	13
901 386	205	107 369	24	1 752 327	399	60	127 977	29
571 594	178	127 368	40	1 090 121	339	52	45 474	14
1 370 022	220	114 644	18	1 304 624	209	43	110 276	18
2 467 778	212	163 826	14	3 206 190	275	52	133 453	11
1 083 498	166	182 857	28	2 584 759	395	64	116 392	18
2 313 608	248	162 300	17	2 899 233	311	44	88 176	9
696 561	175	105 214	26	1 478 371	371	58	70 377	18
4 175 461	133	515 559	16	12 366 678	394	67	608 390	19
660 302	108	135 562	22	2 492 260	407	70	122 247	20
1 252 037	200	167 821	27	1 342 170	214	46	71 234	11

Local government	Population number on 01.01.2011	Principal budget revenue, LVL		Tax revenue, LVL		% of the principal budget
		total	per capita	total	per capita	
Ropazi novads	7153	3 164 962	442	2 222 566	311	70
Rucava novads	2008	1 336 749	666	367 644	183	28
Rugaji novads	2627	1 678 980	639	414 972	158	25
Rujiena novads	6141	3 530 120	575	1 255 137	204	36
Rundale novads	4255	3 042 764	715	912 316	214	30
Salacgriva novads	9355	5 893 095	630	2 377 030	254	40
Sala novads	4261	2 670 567	627	877 158	206	33
Salaspils novads	23 221	11 276 903	486	8 705 986	375	77
Saldus novads	28 493	18 536 064	651	6 970 546	245	38
Saulkrasti novads	6140	3 719 106	606	2 556 721	416	69
Seja novads	2524	1 385 922	549	868 582	344	63
Sigulda novads	17 820	10 706 755	601	6 476 000	363	60
Skriveri novads	4055	2 344 809	578	1 127 190	278	48
Skrunda novads	5948	3 743 574	629	1 137 556	191	30
Smiltene novads	14 226	9 680 405	680	3 693 232	260	38
Stopini novads	10 019	9 275 715	926	4 453 585	445	48
Strenci novads	4185	2 996 062	716	906 549	217	30
Talsi novads	34 264	19 765 693	577	8 186 604	239	41
Tervete novads	4050	2 666 311	658	984 475	243	37
Tukums novads	33 318	19 405 365	582	8 991 127	270	46
Vainode novads	2917	2 680 177	919	516 322	177	19
Valka novads	10 445	8 684 953	831	2 317 955	222	27
Varaklani novads	3875	2 447 188	632	593 711	153	24
Varkava novads	2355	1 234 577	524	315 498	134	26
Vecpiebalga novads	4723	2 728 484	578	906 920	192	33
Vecumnieki novads	9638	5 119 341	531	2 378 328	247	46
Ventspils novads	13 440	7 585 475	564	3 512 478	261	46
Viesīte novads	4574	2 185 418	478	851 603	186	39
Vilaka novads	6319	3 482 238	551	996 730	158	29
Vilani novads	7029	3 509 189	499	1 048 066	149	30
Zilupe novads	3655	1 914 595	524	448 615	123	23
In all novads	1 096 413	667 496 465	609	285 496 882	260	43
In Latvia	2 236 910	1 368 978 591	612	729 221 028	326	53

Note. Population number – data of OCMA. Local government budget revenue – data of State Treasury.

Personal income tax revenue, LVL		Real estate tax revenue, LVL		Transfers, LVL		% of the principal budget	Special budget revenue, LVL	
total	per capita	total	per capita	total	per capita		total	per capita
1 999 246	279	223 320	31	852 532	119	27	78 740	11
261 853	130	105 791	53	871 296	434	65	58 776	29
341 510	130	73 462	28	1 166 136	444	69	57 429	22
1 154 992	188	100 145	16	2 116 747	345	60	70 333	11
766 368	180	145 948	34	1 892 310	445	62	44 217	10
2 119 024	227	258 006	28	2 979 767	319	51	214 410	23
800 077	188	77 081	18	1 728 878	406	65	74 960	18
7 894 548	340	770 689	33	1 974 170	85	18	202 537	9
6 120 977	215	809 739	28	10 128 596	355	55	407 011	14
2 064 106	336	484 180	79	871 401	142	23	78 555	13
757 559	300	111 023	44	364 350	144	26	110 056	44
5 858 924	329	576 056	32	3 570 452	200	33	190 708	11
1 056 267	260	70 923	17	981 748	242	42	32 756	8
973 362	164	164 194	28	2 295 755	386	61	74 023	12
3 337 004	235	335 926	24	5 572 467	392	58	171 375	12
3 847 358	384	606 227	61	3 075 785	307	33	767 422	77
832 365	199	74 184	18	1 551 052	371	52	51 053	12
7 450 059	217	691 782	20	9 657 636	282	49	502 467	15
848 628	210	135 847	34	1 136 135	281	43	67 994	17
8 146 963	245	800 387	24	8 967 919	269	46	342 308	10
440 013	151	76 309	26	1 946 823	667	73	53 404	18
2 106 541	202	211 414	20	5 067 380	485	58	107 707	10
524 790	135	68 921	18	1 714 714	443	70	60 278	16
245 884	104	69 614	30	870 636	370	71	36 977	16
806 351	171	100 569	21	1 508 038	319	55	106 068	22
2 150 510	223	227 818	24	2 275 380	236	44	130 486	14
3 030 571	225	481 907	36	3 251 575	242	43	521 569	39
740 341	162	111 262	24	1 292 441	283	59	87 732	19
898 143	142	98 587	16	2 259 815	358	65	97 775	15
962 663	137	85 403	12	2 309 453	329	66	93 847	13
396 643	109	51 272	14	1 439 102	394	75	60 312	17
255 038 637	233	29 811 676	27	321 924 100	294	48	16 837 124	15
635 586 878	284	89 688 875	40	522 027 913	233	38	25 601 492	11

ANNEX 4. Local Government Budget Expenses in 2010 according to Economic Classification

Local government	Population number on 01.01.2011	Principal budget expenses, LVL		Maintenance expenses, LVL		% of the principal budget	incl. expenses for remuneration, LVL		% of the principal budget	Capital expenses, LVL		% of the principal budget	Special budget expenses, LVL		Special budget capital expenses, LVL		% of the special budget
		total	per capita	total	per capita		total	per capita		total	per capita		total	per capita	total	per capita	
Riga	703 581	414 526 745	589	347 006 633	493	84	140 314 736	199	34	64 372 346	91	16	-	-	-	-	-
Daugavpils	102 496	54 436 584	531	37 295 596	364	69	19 411 008	189	36	17 140 988	167	31	1 087 197	11	712 408	7	66
Jekabpils	26 284	13 686 928	521	10 521 862	400	77	5 386 726	205	39	3 165 066	120	23	326 311	12	7377	0	2
Jelgava	64 516	37 230 551	577	28 668 313	444	77	14 082 931	218	38	8 562 238	133	23	893 250	14	-	-	-
Jurmala	56 060	26 919 348	480	24 669 547	440	92	11 164 911	199	41	2 249 801	40	8	970 997	17	112 241	2	12
Liepaja	83 415	37 862 068	454	28 789 751	345	76	15 080 487	181	40	9 066 039	109	24	3 025 433	36	3076	0	0
Rezekne	34 596	21 995 106	636	15 080 799	436	69	8 148 769	236	37	6 912 917	200	31	429 040	12	12 546	0	3
Valmiera	27 040	23 319 902	862	14 726 741	545	63	7 627 986	282	33	8 589 760	318	37	271 154	10	3629	0	1
Ventspils	42 509	32 531 480	765	20 780 317	489	64	9 439 867	222	29	11 751 026	276	36	883 475	21	172 019	4	19
In republican cities	1 140 497	662 508 712	581	527 539 559	463	80	230 657 421	202	35	131 810 181	116	20	7 886 857	7	1 023 296	1	13
Adazi novads	10 007	5 342 051	534	4 983 222	498	93	2 855 627	285	53	356 050	36	7	116 917	12	-	-	-
Aglona novads	4382	3 116 524	711	2 350 031	536	75	1 478 327	337	47	765 797	175	25	80 556	18	3751	1	5
Aizkraukle novads	9894	7 663 109	775	5 271 073	533	69	3 124 885	316	41	2 392 036	242	31	158 851	16	24 094	2	15
Aizpute novads	10 313	5 525 421	536	4 519 243	438	82	2 683 719	260	49	1 006 048	98	18	121 386	12	83	0	0
Akniste novads	3183	1 570 475	493	1 301 318	409	83	741 407	233	47	239 132	75	15	51 399	16	1026	0	2
Aloja novads	5994	2 931 109	489	2 558 243	427	87	1 386 811	231	47	276 866	46	9	105 931	18	31 006	5	29
Alsunga novads	1630	935 645	574	816 981	501	87	524 324	322	56	118 479	73	13	34 859	21	5234	3	15
Aluksne novads	19 121	11 333 148	593	9 282 256	485	82	5 602 332	293	49	2 050 892	107	18	315 543	17	34 308	2	11
Amata novads	6332	4 653 912	735	4 068 505	643	87	2 363 197	373	51	585 407	92	13	144 073	23	30 928	5	21
Ape novads	4250	4 043 939	952	2 719 893	640	67	1 751 799	412	43	1 324 046	312	33	76 139	18	998	0	1
Auce novads	8494	4 111 614	484	3 960 180	466	96	1 950 062	230	47	151 434	18	4	215 184	25	-	-	-
Babite novads	9328	5 519 602	592	4 597 706	493	83	2 018 503	216	37	921 896	99	17	114 848	12	-	-	-
Baldone novads	5729	2 969 032	518	2 516 429	439	85	1 575 140	275	53	452 255	79	15	35 892	6	2200	0	6
Baltinava novads	1345	1 261 613	938	1 050 603	781	83	729 527	542	58	211 010	157	17	33 603	25	17 926	13	53
Balvi novads	15 505	9 789 603	631	8 332 919	537	85	5 083 818	328	52	1 456 627	94	15	145 671	9	17 563	1	12
Bauska novads	27 826	13 846 639	498	12 180 190	438	88	7 230 832	260	52	1 666 449	60	12	276 005	10	10 541	0	4
Beverina novads	3546	1 910 924	539	1 369 317	386	72	771 195	217	40	541 292	153	28	159 889	45	118 365	33	74
Broceni novads	6978	3 528 054	506	2 973 376	426	84	1 559 300	223	44	554 678	79	16	119 209	17	-	-	-
Burtnieki novads	8454	3 235 571	383	2 539 700	300	78	1 088 165	129	34	695 871	82	22	161 297	19	48 522	6	30
Carnikava novads	6616	5 715 465	864	3 906 475	590	68	1 708 660	258	30	1 808 844	273	32	52 155	8	-	-	-
Cesis novads	19 538	13 618 449	697	10 998 699	563	81	7 025 656	360	52	2 618 657	134	19	279 044	14	11 585	1	4
Cesvaine novads	3107	2 153 180	693	1 861 883	599	86	1 152 324	371	54	291 297	94	14	51 476	17	-	-	-
Cibla novads	3288	2 083 752	634	1 639 859	499	79	976 462	297	47	443 893	135	21	66 717	20	13 810	4	21
Dagda novads	9242	5 676 985	614	5 096 385	551	90	3 088 571	334	54	580 600	63	10	227 112	25	35 498	4	16
Daugavpils novads	27 995	14 401 721	514	11 666 355	417	81	6 831 086	244	47	2 735 366	98	19	512 587	18	212 264	8	41
Dobeles novads	24 227	15 509 893	640	11 472 469	474	74	6 998 622	289	45	4 015 070	166	26	413 384	17	110 389	5	27
Dundaga novads	4717	2 474 056	524	2 215 701	470	90	1 399 443	297	57	258 355	55	10	53 959	11	4767	1	9
Durbe novads	3386	1 287 272	380	1 180 917	349	92	625 621	185	49	106 355	31	8	58 806	17	447	0	1
Engure novads	7973	4 921 380	617	3 993 612	501	81	2 153 661	270	44	927 768	116	19	87 630	11	400	0	0
Ergli novads	3516	2 023 496	576	1 760 627	501	87	1 096 695	312	54	262 869	75	13	191 286	54	139 367	40	73
Garkalne novads	7344	4 222 062	575	3 879 249	528	92	1 495 370	204	35	342 813	47	8	352 271	48	231 000	31	66
Grobina novads	10 234	4 464 634	436	4 025 130	393	90	2 009 450	196	45	439 385	43	10	138 216	14	13 997	1	10

Local government	Population number on 01.01.2011	Principal budget expenses, LVL		Maintenance expenses, LVL		% of the principal budget
		total	per capita	total	per capita	
Gulbene novads	24 918	14 506 479	582	11 824 464	475	82
Iecava novads	9773	5 367 225	549	4 873 425	499	91
Ilkskile novads	8781	8 570 023	976	4 588 411	523	54
Ilukste novads	8955	5 758 774	643	4 192 450	468	73
Incukalns novads	8542	4 141 069	485	3 870 868	453	93
Jaunjelgava novads	6464	3 525 461	545	2 745 751	425	78
Jaunpiebalga novads	2657	2 539 604	956	1 243 768	468	49
Jaunpils novads	2745	1 561 253	569	1 157 749	422	74
Jekabpils novads	5698	3 772 965	662	2 347 806	412	62
Jelgava novads	27 018	16 091 562	596	11 278 758	417	70
Kandava novads	9826	5 967 954	607	4 961 381	505	83
Karsava novads	6910	2 903 062	420	2 626 535	380	90
Koceni novads	7017	4 332 460	617	3 566 829	508	82
Koknese novads	5999	3 865 385	644	3 450 731	575	89
Kraslava novads	19 679	10 762 261	547	8 139 501	414	76
Krimulda novads	5753	2 624 327	456	2 247 297	391	86
Krustpils novads	6647	4 551 357	685	3 958 825	596	87
Kuldīga novads	27 082	20 439 056	755	13 496 133	498	66
Kegums novads	6301	3 060 929	486	2 421 940	384	79
Kekava novads	21 848	11 146 499	510	9 908 674	454	89
Lielvarde novads	11 339	5 848 917	516	5 240 516	462	90
Līgatne novads	4011	3 108 053	775	1 792 471	447	58
Limbazi novads	19 388	11 196 113	577	8 625 746	445	77
Līvāni novads	13 906	9 381 206	675	5 966 646	429	64
Lubana novads	2829	1 351 554	478	1 198 259	424	89
Ludza novads	15 456	8 430 881	545	6 704 211	434	80
Madona novads	27 589	16 790 109	609	12 849 746	466	77
Malpils novads	3990	2 888 136	724	2 638 883	661	91
Marupe novads	15 516	7 150 358	461	6 444 198	415	90
Mazsalaca novads	3899	1 682 274	431	1 415 988	363	84
Nauksenī novads	2271	1 358 352	598	1 009 930	445	74
Nereta novads	4309	2 564 889	595	2 064 222	479	80
Nīca novads	3842	2 243 321	584	1 778 948	463	79
Ogre novads	38 741	32 987 274	851	24 849 523	641	75
Olaine novads	20 658	8 390 128	406	7 522 472	364	90
Ozolnīki novads	10 416	4 883 811	469	4 012 115	385	82
Pargauja novads	4395	3 048 720	694	2 255 651	513	74
Pavilosta novads	3212	2 112 081	658	1 357 265	423	64
Plavīnas novads	6239	3 238 004	519	2 478 701	397	77
Preiļi novads	11 662	5 178 664	444	4 799 395	412	93
Priekule novads	6540	3 716 794	568	3 085 437	472	83
Priekuli novads	9321	6 914 907	742	4 622 430	496	67
Rauna novads	3985	2 000 518	502	1 661 862	417	83
Rezekne novads	31 377	18 449 529	588	15 311 244	488	83
Riebiņi novads	6118	3 745 017	612	2 536 534	415	68
Roja novads	6264	3 120 471	498	2 812 756	449	90

incl. expenses for remuneration, LVL		% of the principal budget	Capital expenses, LVL		% of the principal budget	Special budget expenses, LVL		Special budget capital expenses, LVL		% of the special budget
total	per capita		total	per capita		total	per capita	total	per capita	
7 157 374	287	49	2 680 321	108	18	369 696	15	44 979	2	12
3 095 097	317	58	493 800	51	9	71 617	7	-	-	-
1 945 805	222	23	3 965 520	452	46	154 446	18	61 219	7	40
2 631 950	294	46	1 562 559	174	27	227 159	25	52 771	6	23
2 003 973	235	48	269 827	32	7	70 656	8	4151	0	6
1 291 188	200	37	779 360	121	22	174 680	27	29 734	5	17
701 269	264	28	1 295 704	488	51	63 599	24	3711	1	6
645 494	235	41	403 504	147	26	62 611	23	13 784	5	22
1 190 445	209	32	1 425 159	250	38	97 379	17	10 133	2	10
6 895 920	255	43	4 795 454	177	30	369 693	14	5799	0	2
2 872 537	292	48	1 005 970	102	17	152 541	16	30 999	3	20
1 490 968	216	51	276 471	40	10	112 931	16	5171	1	5
1 962 840	280	45	764 975	109	18	78 039	11	3858	1	5
2 250 165	375	58	411 701	69	11	84 762	14	23 942	4	28
4 169 397	212	39	2 622 760	133	24	438 941	22	186 936	9	43
1 430 068	249	54	377 030	66	14	152 193	26	28 901	5	19
2 166 368	326	48	592 532	89	13	178 574	27	63 394	10	36
7 297 130	269	36	6 942 923	256	34	457 887	17	78 848	3	17
1 369 227	217	45	638 989	101	21	74 019	12	1205	0	2
5 043 162	231	45	1 234 887	57	11	196 369	9	27 533	1	14
2 853 965	252	49	608 401	54	10	172 691	15	-	-	-
838 393	209	27	1 315 354	328	42	71 277	18	3446	1	5
5 205 264	268	46	2 566 965	132	23	287 459	15	974	0	0
3 355 777	241	36	3 414 162	246	36	168 738	12	54 441	4	32
771 362	273	57	153 295	54	11	18 374	6	-	-	-
3 796 503	246	45	1 726 500	112	20	438 478	28	112 279	7	26
7 501 776	272	45	3 940 335	143	23	483 790	18	17 050	1	4
1 477 730	370	51	245 438	62	8	51 211	13	277	0	1
3 060 805	197	43	706 160	46	10	117 683	8	292	0	0
834 615	214	50	266 286	68	16	38 826	10	-	-	-
562 021	247	41	348 386	153	26	35 457	16	-	-	-
1 190 103	276	46	500 546	116	20	58 830	14	11 729	3	20
875 578	228	39	464 373	121	21	88 708	23	3455	1	4
11 791 002	304	36	8 137 637	210	25	538 400	14	72 831	2	14
3 878 289	188	46	864 412	42	10	100 983	5	711	0	1
2 149 067	206	44	871 638	84	18	73 894	7	240	0	0
1 387 865	316	46	793 069	180	26	149 601	34	12 491	3	8
705 849	220	33	754 816	235	36	41 763	13	896	0	2
1 501 713	241	46	757 240	121	23	112 863	18	3940	1	3
2 884 328	247	56	378 450	32	7	124 755	11	10 993	1	9
1 777 737	272	48	594 616	91	16	128 840	20	12 555	2	10
2 481 316	266	36	2 292 192	246	33	99 150	11	3215	0	3
888 553	223	44	338 317	85	17	154 556	39	68 095	17	44
8 405 450	268	46	3 136 865	100	17	595 490	19	100 786	3	17
1 224 282	200	33	1 208 483	198	32	144 326	24	-	-	-
1 540 732	246	49	305 301	49	10	71 360	11	9325	1	13

Local government	Population number on 01.01.2011	Principal budget expenses, LVL		Maintenance expenses, LVL		% of the principal budget
		total	per capita	total	per capita	
Ropazi novads	7153	2 492 308	348	2 411 098	337	97
Rucava novads	2008	1 143 088	569	753 153	375	66
Rugaji novads	2627	1 808 997	689	1 245 917	474	69
Rujiena novads	6141	3 465 618	564	2 748 770	448	79
Rundale novads	4255	3 320 969	780	1 740 590	409	52
Salacgrīva novads	9355	5 373 714	574	3 990 829	427	74
Sala novads	4261	2 832 603	665	2 304 086	541	81
Salaspils novads	23 221	9 200 737	396	8 501 921	366	92
Saldus novads	28 493	17 224 009	604	14 105 101	495	82
Saulkrasti novads	6140	3 447 334	561	3 409 224	555	99
Seja novads	2524	1 244 005	493	930 049	368	75
Sigulda novads	17 820	9 909 350	556	7 837 702	440	79
Skrīveri novads	4055	2 394 558	591	2 044 555	504	85
Skrunda novads	5948	3 938 083	662	3 168 823	533	80
Smiltene novads	14 226	9 046 287	636	6 151 167	432	68
Stopiņi novads	10 019	8 439 229	842	7 057 117	704	84
Strenči novads	4185	3 219 627	769	2 094 970	501	65
Talsi novads	34 264	18 764 510	548	15 620 325	456	83
Tervete novads	4050	2 594 993	641	2 106 301	520	81
Tukums novads	33 318	20 680 882	621	16 925 143	508	82
Vainode novads	2917	2 602 637	892	1 891 903	649	73
Valka novads	10 445	8 106 328	776	5 733 151	549	71
Varakļani novads	3875	2 584 057	667	1 545 598	399	60
Varkava novads	2355	1 400 211	595	1 062 144	451	76
Vecpiebalga novads	4723	2 817 926	597	2 348 540	497	83
Vecumnieki novads	9638	5 378 036	558	4 254 390	441	79
Ventspils novads	13 440	7 686 031	572	6 745 777	502	88
Viesīte novads	4574	2 546 571	557	1 897 269	415	75
Vilaka novads	6319	3 980 801	630	2 893 956	458	73
Vīlāni novads	7029	2 772 726	394	2 680 442	381	97
Zilupe novads	3655	2 306 909	631	1 564 605	428	68
In all novads	1 096 413	651 831 250	595	516 789 607	471	79
In Latvia	2 236 910	1 314 339 962	588	1 044 329 166	467	79

Note. Population number – data of OCMA. Local government budget expenses – data of State Treasury.

incl. expenses for remuneration, LVL		% of the principal budget	Capital expenses, LVL		% of the principal budget	Special budget expenses, LVL		Special budget capital expenses, LVL		% of the special budget
total	per capita		total	per capita		total	per capita	total	per capita	
1 328 998	186	53	81 210	11	3	74 041	10	18 974	3	26
391 408	195	34	389 935	194	34	48 158	24	4138	2	9
745 747	284	41	562 971	214	31	54 390	21	-	-	-
1 621 420	264	47	715 900	117	21	99 783	16	22 618	4	23
895 948	211	27	1 580 379	371	48	52 829	12	-	-	-
2 270 124	243	42	1 382 881	148	26	211 195	23	15 992	2	8
1 295 964	304	46	528 517	124	19	77 089	18	14 215	3	18
4 859 914	209	53	697 813	30	8	252 743	11	118 144	5	47
8 201 526	288	48	3 118 646	109	18	436 234	15	16 292	1	4
1 798 865	293	52	38 098	6	1	114 503	19	-	-	-
434 036	172	35	313 956	124	25	108 427	43	45 963	18	42
4 303 662	242	43	2 065 819	116	21	188 556	11	8168	0	4
1 244 364	307	52	350 003	86	15	32 475	8	-	-	-
1 871 865	315	48	769 260	129	20	75 018	13	7211	1	10
3 827 432	269	42	2 895 120	204	32	193 428	14	9599	1	5
3 489 372	348	41	1 382 112	138	16	775 691	77	669 729	67	86
1 088 917	260	34	1 124 527	269	35	37 279	9	6929	2	19
9 116 120	266	49	3 143 785	92	17	418 104	12	14 522	0	3
1 263 418	312	49	488 692	121	19	77 955	19	4095	1	5
9 979 402	300	48	3 747 660	112	18	348 395	10	33 346	1	10
1 017 129	349	39	710 251	243	27	81 187	28	27 290	9	34
2 909 213	279	36	2 369 653	227	29	121 270	12	22 789	2	19
1 014 175	262	39	1 038 307	268	40	225 722	58	140 836	36	62
570 373	242	41	338 067	144	24	37 603	16	17 590	7	47
1 234 681	261	44	469 386	99	17	195 217	41	105 971	22	54
2 429 682	252	45	1 123 646	117	21	148 023	15	14 551	2	10
3 779 938	281	49	939 269	70	12	494 646	37	245 958	18	50
1 109 742	243	44	646 203	141	25	85 681	19	13 299	3	16
1 628 203	258	41	767 495	121	19	123 019	19	2752	0	2
1 375 181	196	50	92 284	13	3	51 455	7	-	-	-
752 944	206	33	742 220	203	32	58 574	16	32 996	9	56
289 480 806	264	44	134 440 285	123	21	18 205 880	17	3 931 125	4	22
520 138 227	233	40	266 250 466	119	20	26 092 737	12	4 954 421	2	19

ANNEX 5. Local Government Budget Expenses in 2010 according to Functional Classification

Local government	Population number on 01.01.2011	Principal budget expenses, LVL	01 General government services, LVL		General governm. services without interest payments and payments into LGFEF, LVL		03 Public order and safety, LVL		04 Economic activity, LVL		05 Environmental protection, LVL		06 Local government territory and habitat management, LVL		07 Health, LVL		08 Recreation, culture and religion, LVL		09 Education, LVL		10 Social protection, LVL	
			total	per capita	total	per capita	total	per capita	total	per capita	total	per capita	total	per capita	total	per capita	total	per capita	total	per capita	total	per capita
Riga	703 581	414 526 745	69 209 092	98	17 808 222	20	8 179 673	12	105 415 252	150	917 045	1	22 585 563	32	159 395	0	18 892 294	27	145 135 740	206	44 032 691	63
Daugavpils	102 496	54 436 584	3 078 957	30	2 033 741	25	598 254	6	13 373 107	130	1 871 639	18	1 446 763	14	66 911	1	4 083 137	40	23 634 891	231	6 282 925	61
Jelgava	64 516	37 230 551	5 427 931	84	2 673 630	22	2 064 444	32	6 313 731	98	1 891 341	29	1 211 002	19	99 890	2	2 235 328	35	14 880 459	231	3 106 425	48
Jurmala	56 060	26 919 348	5 650 772	101	1 246 824	21	824 441	15	2 899 786	52	922 018	16	1 746 088	31	47 891	1	1 831 097	33	10 148 931	181	2 848 324	51
Liepaja	83 415	37 862 068	2 948 389	35	1 739 665	29	936 424	11	4 941 078	59	69 386	1	885 599	11	30 666	0	3 737 528	45	18 666 825	224	5 646 173	68
Rezekne	34 596	21 995 106	1 787 240	52	995 996	25	220 513	6	2 769 792	80	660 581	19	307 866	9	-	-	2 898 025	84	10 244 647	296	3 105 498	90
Valmiera	27 040	23 319 902	2 198 984	81	841 617	31	78 318	3	4 399 669	163	245 709	9	743 517	27	18 855	1	1 232 487	46	13 004 934	481	1 397 429	52
Ventspils	42 509	32 531 480	2 766 491	65	1 399 658	33	804 220	19	1 133 279	27	27 246	1	8 998 005	212	100 478	2	3 959 198	93	12 143 122	286	2 599 441	61
In rep. cities	1 140 497	662 508 712	94 166 646	83	29 402 463	26	13 756 214	12	142 571 103	125	6 604 965	6	40 766 721	36	526 086	0	39 784 232	35	253 736 590	222	70 595 211	62
Adazi novads	10 007	5 342 051	1 164 622	116	447 263	45	158 569	16	-	-	-	-	501 824	50	-	-	654 712	65	2 579 474	258	282 850	28
Aglona novads	4382	3 116 524	343 811	78	301 499	69	13 899	3	18 950	4	-	-	530 388	121	17 871	4	123 221	28	1 500 474	342	567 710	130
Aizkraukle novads	9894	7 663 109	904 160	91	556 473	56	20 341	2	-	-	-	-	849 322	86	-	-	395 391	40	4 844 356	490	649 539	66
Aizpute novads	10 313	5 525 421	637 499	62	563 550	55	73 934	7	427 588	41	59 783	6	299 243	29	96 298	9	756 659	73	2 801 634	272	372 783	36
Alsnie novads	3183	1 570 475	149 149	47	142 810	45	-	-	-	-	-	-	383 550	120	-	-	229 145	72	632 350	199	176 281	55
Aloja novads	5994	2 931 109	444 995	74	296 935	50	27 472	5	28 328	5	139 313	23	369 253	62	3835	1	201 066	34	1 045 759	174	671 088	112
Alsunga novads	1630	935 645	120 512	74	111 827	69	21 708	13	29 378	18	81 542	50	8846	5	-	-	39 131	24	474 258	291	160 270	98
Aluksne novads	19 121	11 333 148	1 295 527	68	1 123 387	59	95 690	5	1 700 514	89	16 238	1	969 566	51	30 510	2	1 130 698	59	5 082 290	266	1 012 115	53
Amata novads	6332	4 653 912	360 570	57	317 101	50	31 677	5	492 985	78	10 246	2	606 588	96	-	-	345 052	54	2 530 958	400	275 836	44
Ape novads	4250	4 043 939	415 550	98	367 851	87	6328	1	230 352	54	166 092	39	1 157 051	272	18 139	4	210 911	50	1 485 708	350	353 808	83
Auce novads	8494	4 111 614	618 476	73	556 172	65	57 752	7	-	-	-	-	888 490	105	5287	1	344 460	41	1 871 608	220	325 541	38
Babite novads	9328	5 519 602	1 490 795	160	792 375	85	20 651	2	671 230	72	-	-	379 934	41	-	-	482 485	52	2 184 702	234	289 805	31
Baldone novads	5729	2 969 032	279 443	49	178 766	31	91 921	16	-	-	212 333	37	200 775	35	-	-	242 900	42	1 607 032	281	334 628	58
Baltinava novads	1345	1 261 613	139 662	104	130 145	97	10 684	8	84 825	63	19 191	14	5743	4	2419	2	26 028	19	933 217	694	39 844	30
Balvi novads	15 505	9 789 603	822 387	53	662 967	43	56 594	4	546 149	35	-	-	1 764 475	114	33 362	2	713 158	46	4 609 712	297	1 243 766	80
Bauska novads	27 826	13 846 639	1 439 583	52	965 887	35	54 153	2	762 417	27	63 179	2	1 413 569	51	-	-	1 616 469	58	6 979 745	251	1 517 524	55
Beverina novads	3546	1 910 924	222 356	63	130 426	37	18 097	5	77 262	22	-	-	369 304	104	64	0	540 851	153	588 763	166	94 227	27
Brocenis novads	6978	3 528 054	429 515	62	353 571	51	12 563	2	1191	0	-	-	460 013	66	-	-	325 635	47	1 987 889	285	311 248	45
Burtneki novads	8454	3 235 571	587 728	70	414 758	49	3435	0	238 532	28	3945	0	321 142	38	18 606	2	337 504	40	1 406 598	166	318 081	38
Carnikava novads	6616	5 715 465	761 698	115	416 200	63	182 530	28	468 060	71	-	-	2 393 142	362	1650	0	200 134	30	1 381 587	209	326 664	49
Ceslis novads	19 538	13 618 449	1 257 206	64	624 243	32	176 813	9	1 489 183	76	217 566	11	619 742	32	35 159	2	1 481 735	76	7 263 280	372	1 077 342	55
Cesvaine novads	3107	2 153 180	244 748	79	210 633	68	-	-	-	-	-	-	115 378	37	-	-	183 280	59	1 369 703	441	240 071	77
Cibla novads	3288	2 083 752	227 110	69	217 873	66	-	-	235 037	71	106 375	32	186 604	57	27 858	8	95 554	29	1 109 139	337	96 075	29
Dagda novads	9242	5 676 985	566 286	61	534 748	58	55 600	6	32 557	4	22 298	2	386 717	42	636 793	69	472 603	51	2 572 452	278	931 679	101
Daugavpils novads	27 995	14 401 721	2 915 888	104	2 774 014	99	454	0	723 464	26	467 827	17	2 372 095	85	44 963	2	948 163	34	4 912 068	175	2 016 799	72
Dobele novads	24 227	15 509 893	1 744 587	72	1 576 311	65	193 625	8	736 526	30	343 349	14	1 165 747	48	5117	0	832 235	34	9 204 598	380	1 284 109	53
Dundaga novads	4717	2 474 056	254 071	54	213 454	45	28 040	6	144 517	31	144 708	31	106 045	22	86 360	18	211 812	45	1 431 302	303	67 201	14
Durbe novads	3386	1 287 272	257 715	76	189 261	56	11 225	3	-	-	5246	2	257 125	76	-	-	147 989	44	524 657	155	83 315	25
Engure novads	7973	4 921 380	684 487	86	467 966	59	34 768	4	88 909	11	56 554	7	770 162	97	7555	1	393 351	49	1 375 795	173	1 509 799	189
Ergli novads	3516	2 023 496	270 036	77	246 071	70	-	-	-	-	-	-	314 987	90	6662	2	279 876	80	693 792	197	458 143	130
Garkalne novads	7344	4 222 062	1 160 133	158	504 708	69	101 397	14	140 263	19	-	-	632 774	86	32 741	4	282 024	38	1 487 906	203	384 824	52

Local government	Population number on 01.01.2011	Principal budget expenses, LVL	01 General government services, LVL		General governm. services without interest payments and payments into LGFEF, LVL		03 Public order and safety, LVL		04 Economic activity, LVL	
			total	per capita	total	per capita	total	per capita	total	per capita
Grobina novads	10 234	4 464 634	771 484	75	649 016	63	33 611	3	133 927	13
Gulbene novads	24 918	14 506 479	1 422 406	57	1 153 541	46	18 471	1	1 458 006	59
Iecava novads	9773	5 367 225	479 806	49	391 720	40	17 452	2	93 960	10
Ilkskile novads	8781	8 570 023	1 185 429	135	642 456	73	57 554	7	58 650	7
Ilukste novads	8955	5 758 774	850 933	95	809 186	90	30 783	3	255 558	29
Incukalns novads	8542	4 141 069	665 224	78	315 590	37	46 458	5	21 108	2
Jaunjelgava novads	6464	3 525 461	629 842	97	553 631	86	27 213	4	807 391	125
Jaunpiebalga novads	2657	2 539 604	182 523	69	115 481	43	9317	4	3096	1
Jaunpils novads	2745	1 561 253	220 061	80	199 069	73	29 628	11	321 783	117
Jekabpils novads	5698	3 772 965	589 324	103	556 705	98	3472	1	435 566	76
Jelgava novads	27 018	16 091 562	1 836 317	68	1 646 673	61	262 974	10	1 784 167	66
Kandava novads	9826	5 967 954	496 292	51	372 128	38	97 743	10	375 443	38
Karsava novads	6910	2 903 062	251 872	36	220 134	32	36 691	5	116 515	17
Koceni novads	7017	4 332 460	455 316	65	390 948	56	35 403	5	239 649	34
Koknese novads	5999	3 865 385	444 177	74	352 972	59	11 501	2	94 804	16
Kraslava novads	19 679	10 762 261	1 497 163	76	1 086 619	55	68 949	4	1 205 032	61
Krimulda novads	5753	2 624 327	240 203	42	196 374	34	26 103	5	24 586	4
Krustpils novads	6647	4 551 357	595 675	90	561 319	84	6914	1	26 423	4
Kuldīga novads	27 082	20 439 056	1 674 193	62	1 237 950	46	182 960	7	166 707	6
Kegums novads	6301	3 060 929	528 345	84	443 340	70	16 100	3	21 416	3
Kekava novads	21 848	11 146 499	3 576 936	164	2 168 269	99	347 717	16	-	-
Lielvarde novads	11 339	5 848 917	596 910	53	451 651	40	106 218	9	48 869	4
Līgatne novads	4011	3 108 053	198 014	49	175 138	44	33 082	8	156 051	39
Limbazi novads	19 388	11 196 113	2 086 766	108	1 774 090	92	107 327	6	1 067 342	55
Livani novads	13 906	9 381 206	727 520	52	626 905	45	41 793	3	664 147	48
Lubana novads	2829	1 351 554	138 602	49	130 926	46	5312	2	7207	3
Ludza novads	15 456	8 430 881	1 122 477	73	717 678	46	1782	0	688 730	45
Madona novads	27 589	16 790 109	1 634 164	59	1 226 969	44	114 051	4	414 569	15
Malpils novads	3990	2 888 136	418 117	105	221 988	56	34 280	9	80 198	20
Marupe novads	15 516	7 150 358	1 453 657	94	253 620	16	69 651	4	660 297	43
Mazsalaca novads	3899	1 682 274	186 653	48	150 780	39	17 984	5	4284	1
Naukseni novads	2271	1 358 352	168 733	74	160 547	71	10 860	5	277 709	122
Nereta novads	4309	2 564 889	357 075	83	323 186	75	21 664	5	186 250	43
Nica novads	3842	2 243 321	201 242	52	193 339	50	23 865	6	85 065	22
Ogre novads	38 741	32 987 274	2 485 089	64	2 108 266	54	380 023	10	1 206 667	31
Olaine novads	20 658	8 390 128	1 576 818	76	1 015 027	49	168 017	8	240 354	12
Ozolnieki novads	10 416	4 883 811	260 826	25	257 677	25	69 245	7	51 614	5
Pargauja novads	4395	3 048 720	184 743	42	179 764	41	32 569	7	10 391	2
Pavilosta novads	3212	2 112 081	224 600	70	222 275	69	29 027	9	355 815	111
Plavinas novads	6239	3 238 004	578 868	93	527 934	85	37 685	6	381 636	61
Preiļi novads	11 662	5 178 664	842 108	72	623 007	53	69 088	6	212 176	18
Priekule novads	6540	3 716 794	503 362	77	419 044	64	38 088	6	333 527	51
Priekuli novads	9321	6 914 907	401 296	43	368 588	40	38 171	4	35 707	4
Rauna novads	3985	2 000 518	287 924	72	253 202	64	-	-	1468	0
Rezekne novads	31 377	18 449 529	2 852 801	91	2 747 721	88	-	-	2 449 576	78

05 Environmental protection, LVL		06 Local government territory and habitat management, LVL		07 Health, LVL		08 Recreation, culture and religion, LVL		09 Education, LVL		10 Social protection, LVL	
total	per capita	total	per capita	total	per capita	total	per capita	total	per capita	total	per capita
-	-	509 411	50	27 308	3	383 333	37	2 149 603	210	455 957	45
23 777	1	1 354 730	54	55 222	2	1 980 213	79	6 856 506	275	1 337 148	54
1783	0	129 547	13	253 189	26	303 116	31	3 611 245	370	477 127	49
-	-	5 195 664	592	-	-	255 058	29	1 625 149	185	192 519	22
-	-	643 829	72	416 206	46	531 314	59	2 746 391	307	283 760	32
-	-	495 067	58	-	-	472 362	55	1 587 039	186	853 811	100
48 105	7	353 203	55	-	-	250 769	39	986 820	153	422 118	65
-	-	1 008 629	380	422	0	392 376	148	839 788	316	103 453	39
-	-	71 652	26	6925	3	206 762	75	538 837	196	165 605	60
60 974	11	528 299	93	27 662	5	530 744	93	1 439 542	253	157 382	28
9911	0	3 574 774	132	908	0	1 065 111	39	6 392 174	237	1 165 226	43
111 080	11	592 635	60	6852	1	500 335	51	3 145 210	320	642 364	65
226 442	33	118 691	17	22 486	3	260 042	38	1 211 273	175	659 050	95
195 757	28	464 137	66	12 840	2	513 841	73	2 172 661	310	242 856	35
63 531	11	169 858	28	-	-	446 022	74	2 191 868	365	443 624	74
219 850	11	1 373 640	70	124 724	6	986 488	50	3 647 300	185	1 639 115	83
-	-	60 265	10	4989	1	369 609	64	1 609 653	280	288 919	50
51 779	8	769 715	116	-	-	188 522	28	1 756 313	264	1 156 016	174
19 019	1	6 719 423	248	13 969	1	1 279 598	47	9 294 023	343	1 089 164	40
13 572	2	517 507	82	-	-	305 888	49	1 326 266	210	331 835	53
-	-	1 782 024	82	133 091	6	924 221	42	3 544 753	162	837 757	38
7500	1	855 885	75	11 728	1	367 533	32	3 135 317	277	718 957	63
7122	2	1 189 663	297	7307	2	1 84 804	46	1 057 594	264	274 416	68
449	0	514 089	27	-	-	1 534 665	79	4 826 272	249	1 058 414	55
-	-	2 425 595	174	13 551	1	1 042 085	75	3 508 660	252	956 855	69
45	0	69 266	24	19 277	7	141 859	50	726 958	257	243 028	86
65 932	4	997 600	65	34 172	2	584 848	38	3 604 489	233	1 330 851	86
120 615	4	2 916 425	106	37 843	1	2 011 697	73	8 338 986	302	1 201 759	44
-	-	13 027	3	-	-	258 864	65	1 811 193	454	272 457	68
22 888	1	757 476	49	4011	0	272 196	18	3 250 268	209	659 914	43
5370	1	251 996	65	6710	2	303 760	78	763 267	196	142 250	36
34 444	15	51 050	22	740	0	107 668	47	570 506	251	136 642	60
9852	2	342 155	79	5673	1	348 894	81	1 012 510	235	280 816	65
11 131	3	764 064	199	20 658	5	275 535	72	775 151	202	86 610	23
3 647 984	94	10 505 682	271	273 878	7	1 616 416	42	10 828 206	280	2 043 329	53
202 739	10	273 936	13	16 707	1	591 237	29	4 271 913	207	1 048 407	51
-	-	517 468	50	-	-	387 675	37	2 339 258	225	1 257 725	121
291 469	66	729 746	166	-	-	232 809	53	1 329 963	303	237 030	54
-	-	525 750	164	1774	1	237 379	74	682 412	212	55 324	17
10 386	2	133 600	21	-	-	407 911	65	1 280 739	205	404 822	65
-	-	435 481	37	667	0	407 670	35	2 785 648	239	425 826	37
1926	0	521 885	80	32 665	5	304 444	47	1 792 029	274	188 868	29
427 947	46	2 969 049	319	10 025	1	337 097	36	2 294 958	246	400 657	43
12 985	3	488 429	123	-	-	224 960	56	635 870	160	348 882	88
-	-	1 515 129	48	89 284	3	935 192	30	8 653 835	276	1 953 712	62

Local government	Population number on 01.01.2011	Principal budget expenses, LVL	01 General government services, LVL		General governm. services without interest payments and payments into LGFEF, LVL		03 Public order and safety, LVL		04 Economic activity, LVL	
			total	per capita	total	per capita	total	per capita	total	per capita
Riebini novads	6118	3 745 017	896 322	147	680 258	111	15 307	3	1 434 524	234
Roja novads	6264	3 120 471	297 882	48	171 168	27	57 032	9	178 179	28
Ropazi novads	7153	2 492 308	527 740	74	358 589	50	134 984	19	-	-
Rucava novads	2008	1 143 088	147 873	74	121 314	60	16 198	8	216 325	108
Rugaji novads	2627	1 808 997	182 013	69	170 404	65	25 284	10	102 900	39
Rujiena novads	6141	3 465 618	412 351	67	319 902	52	2876	0	314 735	51
Rundale novads	4255	3 320 969	198 048	47	114 877	27	405	0	51 768	12
Salacgriva novads	9355	5 373 714	723 875	77	618 078	66	14 681	2	1 208 665	129
Sala novads	4261	2 832 603	521 330	122	495 418	116	616	0	-	-
Salaspils novads	23 221	9 200 737	1 318 434	57	745 868	32	291 659	13	535 498	23
Saldus novads	28 493	17 224 009	2 065 858	73	1 591 293	56	119 743	4	355 304	12
Saulkrasti novads	6140	3 447 334	553 494	90	211 041	34	142 626	23	68 582	11
Seja novads	2524	1 244 005	143 625	57	79 283	31	5623	2	-	-
Sigulda novads	17 820	9 909 350	1 534 601	86	893 247	50	125 512	7	900 241	51
Skriveri novads	4055	2 394 558	306 185	76	211 407	52	13 009	3	-	-
Skrunda novads	5948	3 938 083	415 884	70	399 018	67	27 150	5	170 120	29
Smiltene novads	14 226	9 046 287	990 367	70	791 330	56	18 794	1	29 714	2
Stopini novads	10 019	8 439 229	950 255	95	370 350	37	212 677	21	-	-
Strenci novads	4185	3 219 627	461 892	110	387 916	93	26 604	6	332 086	79
Talsi novads	34 264	18 764 510	1 708 976	50	1 199 835	35	140 294	4	299 871	9
Tervete novads	4050	2 594 993	191 422	47	178 507	44	36 811	9	440 012	109
Tukums novads	33 318	20 680 882	2 091 502	63	1 427 899	43	224 172	7	1 234 699	37
Vainode novads	2917	2 602 637	249 333	85	247 284	85	99 063	34	136 757	47
Valka novads	10 445	8 106 328	860 648	82	641 778	61	40 650	4	2 429 082	233
Varaklani novads	3875	2 584 057	483 690	125	466 116	120	6844	2	76 602	20
Varkava novads	2355	1 400 211	148 948	63	132 901	56	7748	3	155 487	66
Vecpiebalga novads	4723	2 817 926	349 571	74	261 834	55	21 150	4	43 971	9
Vecumnieki novads	9638	5 378 036	524 170	54	435 377	45	69 475	7	-	-
Ventspils novads	13 440	7 686 031	1 402 118	104	1 308 467	97	44 198	3	477 675	36
Viesīte novads	4574	2 546 571	303 714	66	296 342	65	29 252	6	42 851	9
Vilaka novads	6319	3 980 801	401 293	64	370 704	59	34 153	5	318 239	50
Vilani novads	7029	2 772 726	385 799	55	305 841	44	6 613	1	526 435	75
Zilupe novads	3655	2 306 909	218 730	60	193 140	53	-	-	581 190	159
In all novads	1 096 413	651 831 250	82 260 134	75	61 778 474	56	6 387 919	6	39 293 165	36
In Latvia	2 236 910	1 314 339 962	176 426 780	79	91 180 937	41	20 144 133	9	181 864 268	81

Note. Population number – data of OCMA. Local government budget expenses – data of State Treasury.

ta	05 Environmental protection, LVL		06 Local government territory and habitat management, LVL		07 Health, LVL		08 Recreation, culture and religion, LVL		09 Education, LVL		10 Social protection, LVL	
	total	per capita	total	per capita	total	per capita	total	per capita	total	per capita	total	per capita
	-	-	102 370	17	-	-	267 132	44	817 167	134	212 195	35
	12 654	2	306 471	49	7775	1	363 853	58	1 593 186	254	303 439	48
	-	-	173 527	24	-	-	281 015	39	1 045 614	146	329 428	46
	-	-	335 516	167	25 205	13	33 586	17	311 732	155	56 653	28
	38 847	15	219 322	83	22 411	9	158 042	60	894 664	341	165 514	63
	-	-	339 735	55	11 445	2	260 467	42	1 673 553	273	450 456	73
	1 015 765	239	-	-	5884	1	375 688	88	1 269 246	298	404 165	95
	106 737	11	616 234	66	197	0	783 422	84	1 576 008	168	343 895	37
	38 134	9	127 245	30	-	-	290 451	68	1 310 621	308	544 206	128
	73 750	3	831 082	36	10 045	0	734 870	32	4 400 569	190	1 004 830	43
	51 734	2	3 206 936	113	6163	0	1 341 955	47	9 007 039	316	1 069 277	38
	-	-	553 100	90	-	-	337 107	55	1 384 702	226	407 723	66
	-	-	326 969	130	3729	1	152 897	61	509 610	202	101 552	40
	-	-	765 283	43	4895	0	636 429	36	5 067 831	284	874 558	49
	-	-	327 060	81	-	-	140 698	35	1 163 127	287	444 479	110
	-	-	408 658	69	109 271	18	347 742	58	1 750 365	294	708 893	119
	215 695	15	1 956 941	138	34 013	2	671 079	47	4 513 640	317	616 044	43
	-	-	3 036 055	303	130 275	13	328 418	33	3 348 713	334	432 836	43
	19 938	5	830 648	198	4916	1	574 265	137	571 275	137	398 003	95
	812 386	24	3 284 896	96	30 099	1	2 187 799	64	8 070 402	236	2 229 787	65
	79 683	20	263 238	65	-	-	181 496	45	800 985	198	601 346	148
	370 261	11	1 633 040	49	65 143	2	2 734 921	82	10 325 774	310	2 001 370	60
	-	-	762 884	262	116	0	110 805	38	1 053 482	361	190 197	65
	-	-	1 445 162	138	11 359	1	786 825	75	1 949 308	187	583 294	56
	-	-	102 481	26	12 506	3	230 135	59	1 389 424	359	282 375	73
	2056	1	286 574	122	324	0	117 327	50	433 498	184	248 249	105
	20 896	4	346 151	73	12 226	3	493 841	105	1 202 896	255	327 224	69
	8490	1	1 326 317	138	38 091	4	342 422	36	2 497 302	259	571 769	59
	66 612	5	1 041 324	77	10 852	1	584 228	43	3 441 005	256	617 913	46
	4000	1	387 570	85	3099	1	623 537	136	767 584	168	384 964	84
	-	-	598 030	95	29 443	5	537 816	85	1 605 883	254	455 944	72
	-	-	77 040	11	8970	1	141 161	20	1 345 709	191	280 999	40
	101 430	28	134 267	37	8054	2	98 659	27	1 073 545	294	91 034	25
	11 101 217	10	103 148 866	94	3 411 218	3	56 757 242	52	285 586 681	260	63 879 933	58
	17 706 182	8	143 915 587	64	3 937 304	2	96 541 474	43	539 323 271	241	134 475 144	60

ANNEX 6. Local Government Financial Equalisation Indicators in 2010

Local government	Population number on 01.01.2011	Payment into the fund (-) or grant from the fund (+), LVL		Earnest grants*, LVL	Local government	Population number on 01.01.2011	Payment into the fund (-) or grant from the fund (+), LVL		Earnest grants*, LVL	Local government	Population number on 01.01.2011	Payment into the fund (-) or grant from the fund (+), LVL		Earnest grants*, LVL
		total	per capita				total	per capita				total	per capita	
Riga	703 581	-44 132 702	-63	210 000	Garkalne novads	7344	-637 967	-87	-	Preiļi novads	11 662	720 291	62	-
Daugavpils	102 496	2 659 514	26	237 000	Grobina novads	10 234	398 499	39	-	Priekule novads	6540	704 555	108	-
Jekabpils	26 284	286 878	11	-	Gulbene novads	24 918	2 270 225	91	-	Priekuli novads	9321	282 497	30	12 000
Jelgava	64 516	-1 034 034	-16	96 000	Iecava novads	9773	34 473	4	-	Rauna novads	3985	398 488	100	18 000
Jurmala	56 060	-3 575 292	-64	156 000	Ikskile novads	8781	-460 553	-52	-	Rezekne novads	31 377	4 453 718	142	57 000
Liepāja	83 415	0	0	12 000	Ilukste novads	8955	1 178 900	132	3000	Riebiņi novads	6118	1 039 296	170	-
Rezekne	34 596	0	0	75 000	Incukalna novads	8542	-230 861	-27	12 000	Roja novads	6264	349 277	56	-
Valmiera	27 040	-600 539	-22	36 000	Jaunjelgava novads	6464	398 845	62	-	Ropazi novads	7153	0	0	-
Ventspils	42 509	-1 396 019	-33	108 000	Jaunpiebalga novads	2657	278 964	105	-	Rucava novads	2008	213 491	106	-
In republican cities	1 140 497	-47 792 194	-42	930 000	Jaunpils novads	2745	225 360	82	-	Rugāji novads	2627	372 483	142	-
Adazi novads	10 007	-545 816	-55	-	Jekabpils novads	5698	690 413	121	-	Rujiena novads	6141	494 750	81	-
Aglona novads	4382	719 465	164	24 000	Jelgava novads	27 018	1 251 013	46	6000	Rundale novads	4255	326 289	77	-
Aizkraukle novads	9894	-107 524	-11	-	Kandava novads	9826	905 881	92	-	Salacgrīva novads	9355	371 837	40	3000
Aizpute novads	10 313	953 560	92	45 000	Karsava novads	6910	954 537	138	-	Sala novads	4261	415 883	98	24 000
Aknīste novads	3183	288 221	91	-	Kocēni novads	7017	356 481	51	-	Salaspils novads	23 221	-544 355	-23	-
Aloja novads	5994	678 854	113	42 000	Koknese novads	5999	266 144	44	66 000	Saldus novads	28 493	1 651 940	58	51 000
Alsunga novads	1630	133 502	82	18 000	Kraslava novads	19 679	2 468 888	125	18 000	Saulkrasti novads	6140	-213 353	-35	-
Alūksne novads	19 121	1 676 291	88	18 000	Krimulda novads	5753	15 445	3	12 000	Seja novads	2524	-16 168	-6	-
Amata novads	6332	141 374	22	-	Krustpils novads	6647	725 392	109	123 000	Sigulda novads	17 820	-206 798	-12	-
Ape novads	4250	506 829	119	9000	Kuldīga novads	27 082	2 263 067	84	6000	Skrīveri novads	4055	49 979	12	30 000
Auce novads	8494	633 998	75	-	Kegums novads	6301	0	0	-	Skrunda novads	5948	654 637	110	27 000
Babīte novads	9328	-645 891	-69	-	Kekava novads	21 848	-1 233 016	-56	-	Smiltene novads	14 226	520 179	37	-
Baldone novads	5729	0	0	-	Lielvarde novads	11 339	0	0	-	Stopiņi novads	10 019	-512 409	-51	-
Baltinava novads	1345	181 530	135	-	Līgatne novads	4011	146 369	36	-	Strenci novads	4185	291 128	70	12 000
Balvi novads	15 505	1 401 900	90	60 000	Limbazi novads	19 388	808 036	42	54 000	Talsi novads	34 264	1 993 031	58	105 000
Bauska novads	27 826	753 910	27	102 000	Līvāni novads	13 906	1 562 986	112	-	Tervete novads	4050	215 722	53	36 000
Beverīna novads	3546	129 706	37	-	Lubāna novads	2829	224 119	79	-	Tukums novads	33 318	990 786	30	48 000
Brocēni novads	6978	390 969	56	21 000	Ludza novads	15 456	1 544 662	100	45 000	Vainode novads	2917	365 676	125	-
Burtņieki novads	8454	457 011	54	-	Madona novads	27 589	1 814 176	66	30 000	Valka novads	10 445	658 232	63	18 000
Carnikava novads	6616	-342 336	-52	-	Malpils novads	3990	0	0	6000	Varakļāni novads	3875	571 213	147	-
Cēsis novads	19 538	0	0	57 000	Marupe novads	15 516	-1 013 959	-65	-	Varkava novads	2355	400 030	170	-
Cesvaine novads	3107	290 073	93	63 000	Mazsalaca novads	3899	487 169	125	-	Vecpiebalga novads	4723	474 880	101	-
Cībla novads	3288	433 305	132	-	Nauksēni novads	2271	233 239	103	-	Vecmīnieki novads	9638	479 861	50	9000
Dagda novads	9242	1 397 192	151	9000	Nereta novads	4309	397 538	92	-	Ventspils novads	13 440	509 423	38	54 000
Daugavpils novads	27 995	3 717 780	133	69 000	Nīca novads	3842	215 186	56	-	Viesīte novads	4574	512 063	112	-
Dobele novads	24 227	196 181	8	30 000	Ogre novads	38 741	-2651	0	69 000	Vilaka novads	6319	850 718	135	-
Dundaga novads	4717	505 871	107	-	Olaine novads	20 658	-279 989	-14	6000	Vīlāni novads	7029	975 476	139	-
Durbe novads	3386	200 429	59	-	Ozolnieki novads	10 416	0	0	63 000	Zilupe novads	3655	579 834	159	-
Engure novads	7973	0	0	108 000	Pargauja novads	4395	302 598	69	-	In all novads	1 096 413	54 945 091	50	1 770 000
Ergli novads	3516	245 920	70	66 000	Pavilosta novads	3212	241 030	75	6000	In Latvia	2 236 910	7 152 897	3	2 700 000
					Plavinas novads	6239	357 571	57	-					

* Grant for children in orphanages placed there till 1998 and for inhabitants of nursery homes placed there till 1998 as well as additional grant to Daugavpils City.

Note. Population number – data of OCMA. Payment into the Local government financial equalisation fund or grant from it as well as the earnest grant – data of State Treasury.

ANNEX 7. Local Government Principal Budget Expenses for Social Protection and Social Benefits in 2010

Local government	Population number on 01.01.2011	Principal budget expenses, LVL	Principal budget expenses for social protection, LVL	Principal budget expenses for social benefits total, LVL	LVL per capita	% from principal budget expenses	Expenses for ensuring work practicing activities, LVL	incl. expenses for unemployment grants, LVL
Riga	703 581	414 526 745	44 032 691	22 634 878	32.2	5.5	2 186 120	1 742 815
Daugavpils	102 496	54 436 584	6 282 925	4 631 395	45.2	8.5	936 969	767 694
Jekabpils	26 284	13 686 928	1 576 305	1 140 101	43.4	8.3	375 969	301 986
Jelgava	64 516	37 230 551	3 106 425	2 351 400	36.4	6.3	421 930	357 245
Jurmala	56 060	26 919 348	2 848 324	1 681 380	30.0	6.2	545 277	453 514
Liepāja	83 415	37 862 068	5 646 173	3 587 338	43.0	9.5	1 217 602	1 006 796
Rezekne	34 596	21 995 106	3 105 498	1 908 783	55.2	8.7	829 215	665 701
Valmiera	27 040	23 319 902	1 397 429	855 793	31.6	3.7	244 951	206 317
Ventspils	42 509	32 531 480	2 599 441	2 165 242	50.9	6.7	387 904	322 080
In rep. cities	1 140 497	662 508 712	70 595 211	40 956 310	35.9	6.2	7 145 938	5 824 146
Adazi novads	10 007	5 342 051	282 850	173 865	17.4	3.3	89 446	71 058
Aglona novads	4382	3 116 524	567 710	260 568	59.5	8.4	171 243	143 526
Aizkraukle novads	9894	7 663 109	649 539	647 350	65.4	8.4	88 996	76 199
Aizpute novads	10 313	5 525 421	372 783	429 394	41.6	7.8	192 866	150 833
Aknīste novads	3183	1 570 475	176 281	113 184	35.6	7.2	54 897	45 349
Aloja novads	5994	2 931 109	671 088	238 203	39.7	8.1	109 397	90 793
Alsunga novads	1630	935 645	160 270	68 896	42.3	7.4	68 441	53 904
Alūksne novads	19 121	11 333 148	1 012 115	936 642	49.0	8.3	445 580	372 048
Amata novads	6332	4 653 912	275 836	347 327	54.9	7.5	114 971	89 200
Ape novads	4250	4 043 939	353 808	181 504	42.7	4.5	132 759	107 893
Auce novads	8494	4 111 614	325 541	341 132	40.2	8.3	126 848	111 693
Babīte novads	9328	5 519 602	289 805	438 083	47.0	7.9	-	-
Baldone novads	5729	2 969 032	334 628	205 903	35.9	6.9	37 969	30 042
Baltinava novads	1345	1 261 613	39 844	95 935	71.3	7.6	68 921	59 083
Balvi novads	15 505	9 789 603	1 243 766	706 462	45.6	7.2	414 897	337 269
Bauska novads	27 826	13 846 639	1 517 524	811 761	29.2	5.9	281 658	226 504
Beverīna novads	3546	1 910 924	94 227	91 186	25.7	4.8	36 498	29 517
Brocēni novads	6978	3 528 054	311 248	266 590	38.2	7.6	170 953	141 066
Burtņieki novads	8454	3 235 571	318 081	324 388	38.4	10.0	81 153	67 019
Camkava novads	6616	5 715 465	326 664	110 211	16.7	1.9	25 173	19 620
Cēsis novads	19 538	13 618 449	1 077 342	626 208	32.1	4.6	173 164	144 054
Cēsvaine novads	3107	2 153 180	240 071	79 212	25.5	3.7	37 039	29 004
Cībla novads	3288	2 083 752	96 075	231 487	70.4	11.1	221 055	170 462
Dagda novads	9242	5 676 985	931 679	717 127	77.6	12.6	645 931	513 376
Daugavpils novads	27 995	14 401 721	2 016 799	925 753	33.1	6.4	519 474	435 758
Dobele novads	24 227	15 509 893	1 284 109	1 172 904	48.4	7.6	332 447	269 059
Dundaga novads	4717	2 474 056	67 201	151 412	32.1	6.1	62 193	49 278
Durbe novads	3386	1 287 272	83 315	33 446	9.9	2.6	30 981	22 237
Engure novads	7973	4 921 380	1 509 799	184 007	23.1	3.7	47 879	38 505
Ergļi novads	3516	2 023 496	458 143	162 648	46.3	8.0	107 615	84 189
Garkalne novads	7344	4 222 062	384 824	260 772	35.5	6.2	50 327	40 794
Grobina novads	10 234	4 464 634	455 957	330 030	32.2	7.4	86 468	68 557
Gulbene novads	24 918	14 506 479	1 337 148	843 297	33.8	5.8	384 465	328 746
Iecava novads	9773	5 367 225	477 127	364 321	37.3	6.8	180 793	149 437
Ilksle novads	8781	8 570 023	192 519	205 930	23.5	2.4	58 515	47 031
Ilukste novads	8955	5 758 774	283 760	336 315	37.6	5.8	202 323	158 526
Incukalna novads	8542	4 141 069	853 811	406 612	47.6	9.8	110 732	93 082
Jaunjelgava novads	6464	3 525 461	422 118	320 957	49.7	9.1	181 760	149 723
Jaunpiebalga novads	2657	2 539 604	103 453	70 101	26.4	2.8	47 514	35 978
Jaunpils novads	2745	1 561 253	165 605	131 859	48.0	8.4	25 919	20 507
Jekabpils novads	5698	3 772 965	157 382	235 578	41.3	6.2	93 735	71 936
Jelgava novads	27 018	16 091 562	1 165 226	987 843	36.6	6.1	589 677	489 728
Kandava novads	9826	5 967 954	642 364	339 731	34.6	5.7	163 551	132 979
Karsava novads	6910	2 903 062	659 050	451 193	65.3	15.5	382 065	308 757
Kocēni novads	7017	4 332 460	242 856	477 342	68.0	11.0	92 821	73 876
Koknese novads	5999	3 865 385	443 624	203 816	34.0	5.3	87 399	70 133
Kraslava novads	19 679	10 762 261	1 639 115	1 114 199	56.6	10.4	838 727	683 720
Krimulda novads	5753	2 624 327	288 919	147 173	25.6	5.6	64 976	53 174
Krustpils novads	6647	4 551 357	1 156 016	386 449	58.1	8.5	132 040	104 162
Kuldīga novads	27 082	20 439 056	1 089 164	1 266 228	46.8	6.2	689 901	582 023
Kegums novads	6301	3 060 929	331 835	225 272	35.8	7.4	102 356	87 563
Kekava novads	21 848	11 146 499	837 757	323 468	14.8	2.9	127 856	110 183
Lielvarde novads	11 339	5 848 917	718 957	494 881	43.6	8.5	160 819	123 354
Līgatne novads	4011	3 108 053	274 416	190 928	47.6	6.1	94 156	78 442
Limbazi novads	19 388	11 196 113	1 058 414	670 221	34.6	6.0	201 322	170 571
Līvāni novads	13 906	9 381 206	956 855	792 736	57.0	8.5	275 108	234 841
Lubāna novads	2829	1 351 554	243 028	80 623	28.5	6.0	51 795	44 630
Ludza novads	15 456	8 430 881	1 330 851	886 189	57.3	10.5	650 743	540 338
Madona novads	27 589	16 790 109	1 201 759	1 000 297	36.3	6.0	371 422	318 080
Malpils novads	3990	2 888 136	272 457	179 547	45.0	6.2	56 259	45 295
Marupe novads	15 516	7 150 358	659 914	422 688	27.2	5.9	49 441	39 050
Mazsalaca novads	3899	1 682 274	142 250	159 926	41.0	9.5	57 248	46 041
Naukšeni novads	2271	1 358 352	136 642	90 688	39.9	6.7	44 415	36 547
Nereta novads	4309	2 564 889	280 816	210 565	48.9	8.2	138 408	107 796
Nīca novads	3842	2 243 321	86 610	87 601	22.8	3.9	49 695	35 740
Ogre novads	38 741	32 987 274	2 043 329	1 168 827	30.2	3.5	240 195	211 496
Olaine novads	20 658	8 390 128	1 048 407	685 592	33.2	8.2	81 384	64 927

Local government	Population number on 01.01.2011	Principal budget expenses, LVL	Principal budget expenses for social protection, LVL	Principal budget expenses for social benefits total, LVL	LVL per capita	% from principal budget expenses	Expenses for ensuring work practicing activities, LVL	incl. expenses for unemployment grants, LVL
Ozolnieki novads	10 416	4 883 811	1 257 725	389 344	37.4	8.0	71 868	60 036
Pargauja novads	4395	3 048 720	237 030	143 638	32.7	4.7	83 426	65 957
Pavilosta novads	3212	2 112 081	55 324	55 493	17.3	2.6	39 854	30 033
Plavinas novads	6239	3 238 004	404 822	212 172	34.0	6.6	91 127	75 292
Preiļi novads	11 662	5 178 664	425 826	498 832	42.8	9.6	213 617	166 994
Priekule novads	6540	3 716 794	188 868	279 649	42.8	7.5	192 887	149 513
Priekuli novads	9321	6 914 907	400 657	234 126	25.1	3.4	88 773	73 964
Rauna novads	3985	2 000 518	348 882	99 264	24.9	5.0	58 525	44 408
Rezekne novads	31 377	18 449 529	1 953 712	2 131 186	67.9	11.6	1 150 782	950 052
Riebiņi novads	6118	3 745 017	212 195	365 309	59.7	9.8	317 952	267 618
Roja novads	6264	3 120 471	303 439	141 301	22.6	4.5	91 928	73 236
Ropazi novads	7153	2 492 308	329 428	251 231	35.1	10.1	74 351	65 662
Rucava novads	2008	1 143 088	56 653	68 511	34.1	6.0	33 667	25 507
Rugāji novads	2627	1 808 997	165 514	136 339	51.9	7.5	80 002	62 233
Rūjiena novads	6141	3 465 618	450 456	246 756	40.2	7.1	66 173	57 852
Rundāle novads	4255	3 320 969	404 165	129 256	30.4	3.9	58 343	47 433
Salacgrīva novads	9355	5 373 714	343 895	252 739	27.0	4.7	122 255	102 295
Sala novads	4261	2 832 603	544 206	133 160	31.3	4.7	105 436	87 017
Salaspils novads	23 221	9 200 737	1 004 830	623 020	26.8	6.8	300 215	248 678
Saldus novads	28 493	17 224 009	1 069 277	897 416	31.5	5.2	424 314	341 719
Saulkrasti novads	6140	3 447 334	407 723	218 584	35.6	6.3	36 809	28 743
Seja novads	2524	1 244 005	101 552	75 075	29.7	6.0	55 010	44 190

Note. Population number – data of OCMA. Local government budget expenses – data of State Treasury. Expenses for ensuring work practicing activities – data of SEA.

Local government	Population number on 01.01.2011	Principal budget expenses, LVL	Principal budget expenses for social protection, LVL	Principal budget expenses for social benefits			Expenses for ensuring work practicing activities, LVL	incl. expenses for unemployment grants, LVL
				total, LVL	LVL per capita	% from principal budget expenses		
Sigulda novads	17 820	9 909 350	874 558	481 121	27.0	4.9	181 664	149 395
Skriveri novads	4055	2 394 558	444 479	150 832	37.2	6.3	66 878	56 631
Skrunda novads	5948	3 938 083	708 893	304 552	51.2	7.7	173 909	144 424
Smiltene novads	14 226	9 046 287	616 044	384 625	27.0	4.3	245 134	207 253
Stopini novads	10 019	8 439 229	432 836	352 948	35.2	4.2	124 316	111 394
Strenci novads	4185	3 219 627	398 003	192 513	46.0	6.0	136 715	111 018
Talsi novads	34 264	18 764 510	2 229 787	1 189 089	34.7	6.3	446 154	379 988
Tervete novads	4050	2 594 993	601 346	115 558	28.5	4.5	56 880	46 542
Tukums novads	33 318	20 680 882	2 001 370	966 603	29.0	4.7	287 384	246 901
Vainode novads	2917	2 602 637	190 197	162 777	55.8	6.3	116 526	94 408
Valka novads	10 445	8 106 328	583 294	500 267	47.9	6.2	158 458	129 596
Varaklani novads	3875	2 584 057	282 375	148 053	38.2	5.7	74 012	62 379
Varkava novads	2355	1 400 211	248 249	163 761	69.5	11.7	114 969	93 064
Vecpiebalga novads	4723	2 817 926	327 224	213 791	45.3	7.6	199 198	146 181
Vecumnieki novads	9638	5 378 036	571 769	279 465	29.0	5.2	125 386	98 442
Ventspils novads	13 440	7 686 031	617 913	454 785	33.8	5.9	171 044	143 505
Viesīte novads	4574	2 546 571	384 964	295 118	64.5	11.6	110 532	91 090
Vilaka novads	6319	3 980 801	455 944	385 518	61.0	9.7	227 526	192 278
Vilani novads	7029	2 772 726	280 999	586 137	83.4	21.1	472 382	388 685
Zilupe novads	3655	2 306 909	91 034	259 531	71.0	11.3	238 652	195 800
In all novads	1 096 413	651 831 250	63 879 933	42 792 028	39.0	6.6	19 591 809	16 093 706
In Latvia	2 236 910	1 314 339 962	134 475 144	83 748 338	37.4	6.4	26 737 747	21 917 853

ANNEX 8. State Pensions and Unemployment Benefits in 2010

Local government	Population number on 01.01.2011	Average amount of old-age pension, LVL	Average amount of all pensions, LVL	Total expenses for unemployment benefits, LVL	Expenses for unemployment benefits per capita, LVL	Average amount of unemployment benefit, LVL
Riga	703 581	192.39	182.93	26 845 105	38	135
Daugavpils	102 496	174.69	165.03	3 029 617	30	104
Jekabpils	26 284	177.64	167.36	817 904	31	103
Jelgava	64 516	185.45	174.07	2 109 177	33	122
Jurmala	56 060	194.52	184.19	2 055 991	37	133
Liepaja	83 415	182.41	172.67	2 482 309	30	106
Rezekne	34 596	178.97	165.49	1 170 655	34	109
Valmiera	27 040	190.40	180.71	988 763	37	123
Ventspils	42 509	206.52	193.10	1 393 775	33	120
Adazi novads	10 007	193.57	182.66	421 006	42	150
Aglona novads	4382	159.25	149.17	98 915	23	85
Aizkraukle novads	9894	191.09	179.23	504 666	51	135
Aizpute novads	10 313	171.98	164.48	367 322	36	111
Akniste novads	3183	164.86	152.13	66 315	21	96
Aloja novads	5994	172.61	161.65	194 762	32	105
Alsunga novads	1630	171.82	159.08	44 487	27	86
Aluksne novads	19 121	172.66	162.57	617 833	32	103
Amata novads	6332	173.40	162.09	185 438	29	98
Ape novads	4250	167.01	155.47	96 196	23	84
Auce novads	8494	168.32	158.01	260 824	31	98
Babite novads	9328	196.95	186.66	419 766	45	166
Baldone novads	5729	178.05	165.07	215 057	38	133
Baltinava novads	1345	159.75	149.64	23 438	17	71
Balvi novads	15 505	169.07	155.59	466 432	30	97
Bauska novads	27 826	174.30	163.24	1 102 164	40	108
Beverina novads	3546	170.40	161.92	114 927	32	96
Broceni novads	6978	173.12	164.95	253 413	36	114
Burtneki novads	8454	171.45	159.87	220 188	26	101
Carnikava novads	6616	200.72	191.73	318 777	48	162
Cesis novads	19 538	187.00	175.54	755 435	39	124
Cesvaine novads	3107	175.78	161.62	87 624	28	99
Cibla novads	3288	156.67	146.41	83 872	26	87
Dagda novads	9242	161.03	151.77	199 924	22	82
Daugavpils novads	27 995	160.59	151.18	647 049	23	87
Dobeles novads	24 227	175.37	164.20	874 555	36	113
Dundaga novads	4717	178.80	166.42	101 561	22	90
Durbe novads	3386	167.82	159.42	106 864	32	108
Engure novads	7973	178.19	168.85	275 763	35	114
Ergli novads	3516	170.46	160.63	95 278	27	118
Garkalne novads	7344	214.57	205.21	359 161	49	203
Grobina novads	10 234	175.44	165.13	294 308	29	107
Gulbene novads	24 918	169.88	159.75	668 492	27	97
Iecava novads	9773	176.21	165.17	357 710	37	125
Ikšķile novads	8781	199.17	191.21	411 803	47	160
Ilukste novads	8955	170.13	161.28	209 826	23	96
Incukalna novads	8542	183.47	172.30	316 371	37	123
Jaunjelgava novads	6464	164.84	154.32	212 981	33	98
Jaunpiebalga novads	2657	168.08	159.38	63 951	24	108
Jaunpils novads	2745	167.05	158.94	76 869	28	95
Jekabpils novads	5698	161.58	152.95	136 130	24	91
Jelgava novads	27 018	166.11	156.09	795 393	29	101
Kandava novads	9826	165.83	154.96	230 090	23	88
Karsava novads	6910	160.45	149.66	173 877	25	92
Koceni novads	7017	172.12	161.63	220 814	31	112
Koknese novads	5999	176.57	162.47	180 036	30	105
Kraslava novads	19 679	163.26	154.26	502 780	26	89
Krimulda novads	5753	174.10	165.22	212 625	37	113
Krustpils novads	6647	161.56	150.95	179 770	27	97
Kuldīga novads	27 082	175.14	161.86	902 867	33	105
Kegums novads	6301	179.43	169.61	257 281	41	123
Kekava novads	21 848	199.45	188.23	963 365	44	157
Lielvarde novads	11 339	176.56	168.73	409 986	36	116
Līgatne novads	4011	173.28	162.03	135 938	34	108
Limbazi novads	19 388	180.92	170.20	692 739	36	106
Līvāni novads	13 906	165.20	155.84	364 227	26	84
Lubana novads	2829	179.01	166.54	92 470	33	115
Ludza novads	15 456	167.76	155.91	531 934	34	95
Madona novads	27 589	173.38	161.42	849 742	31	102
Malpils novads	3990	181.11	171.76	314 925	79	131
Marupe novads	15 516	190.87	180.91	646 443	42	162
Mazsalaca novads	3899	169.25	159.70	89 150	23	85
Naukšeni novads	2271	170.59	160.25	56 172	25	99
Nereta novads	4309	161.57	149.82	106 376	25	94
Nīca novads	3842	172.17	165.99	97 935	25	97
Ogre novads	38 741	185.68	176.43	1 507 138	39	125
Olaine novads	20 658	182.32	172.61	830 618	40	114
Ozolnieki novads	10 416	174.20	164.16	329 773	32	124
Pargauja novads	4395	171.33	160.88	117 859	27	91
Pavilosta novads	3212	170.14	163.10	80 237	25	101
Plavinas novads	6239	171.36	161.45	245 919	39	110
Preiļi novads	11 662	174.12	161.85	378 896	32	101

Local government	Population number on 01.01.2011	Average amount of old-age pension, LVL	Average amount of all pensions, LVL	Total expenses for unemployment benefits, LVL	Expenses for unemployment benefits per capita, LVL	Average amount of unemployment benefit, LVL
Priekule novads	6540	168.94	158.25	200 087	31	95
Priekuli novads	9321	181.38	170.11	308 214	33	112
Rauna novads	3985	166.27	155.74	91 423	23	103
Rezekne novads	31 377	160.94	149.07	791 564	25	85
Riebiņi novads	6118	163.48	152.48	131 197	21	78
Roja novads	6264	169.84	159.20	226 791	36	106
Ropazi novads	7153	173.72	161.32	213 027	30	108
Rucava novads	2008	160.84	153.44	51 199	25	96
Rugāji novads	2627	157.64	144.86	44 512	17	73
Rūjiena novads	6141	172.34	161.12	180 975	29	112
Rundale novads	4255	159.15	151.87	116 459	27	91
Salacgrīva novads	9355	185.15	174.70	301 285	32	104
Sala novads	4261	165.17	151.36	133 166	31	96
Salaspils novads	23 221	189.21	178.74	967 281	42	121
Saldus novads	28 493	172.73	162.83	1 050 468	37	112
Saulkrasti novads	6140	192.63	184.32	221 271	36	143
Seja novads	2524	174.46	168.67	117 975	47	138
Sigulda novads	17 820	186.39	177.34	810 310	45	137
Skrīveri novads	4055	179.15	169.06	113 544	28	106

Note. Population number – data of OCMA. Amount of state pensions and expenses for unemployment benefits – data of SSIA.

Local government	Population number on 01.01.2011	Average amount of old-age pension, LVL	Average amount of all pensions, LVL	Total expenses for unemployment benefits, LVL	Expenses for unemployment benefits per capita, LVL	Average amount of unemployment benefit, LVL
Skrunda novads	5948	170.60	160.52	157 791	27	95
Smiltene novads	14 226	178.90	168.50	371 024	26	102
Stopini novads	10 019	199.29	188.50	422 911	42	143
Strenci novads	4185	172.25	162.27	131 951	32	104
Talsi novads	34 264	178.31	164.21	1 080 463	32	104
Tervete novads	4050	164.40	154.21	119 412	29	96
Tukums novads	33 318	175.07	163.76	1 145 219	34	108
Vainode novads	2917	163.79	155.17	62 652	21	93
Valka novads	10 445	171.13	161.00	331 412	32	104
Varaklani novads	3875	168.86	155.89	75 671	20	79
Varkava novads	2355	164.00	154.19	48 108	20	82
Vecpiebalga novads	4723	166.33	156.59	105 754	22	91
Vecumnieki novads	9638	164.49	156.38	304 694	32	106
Ventspils novads	13 440	177.11	164.82	407 490	30	98
Viesīte novads	4574	162.49	150.44	113 955	25	92
Vilaka novads	6319	158.09	147.65	133 433	21	86
Vilani novads	7029	165.23	153.05	191 098	27	82
Zilupe novads	3655	159.20	146.56	106 140	29	96

ANNEX 9. Electronisation of Services in Local Governments. Website Review (at the beginning of June 2011)

Local government	Information about services								Level of service electronisation				e-Consultations		Contact information
	Chapter "Services" and/or "e-Services"	List of local government services	Service structuring		Service descriptions		Information about the portal www.latvija.lv (link)	Information about E-iespejas.lv (link)	Downloadable service forms	Information about the option of requesting the service electronically	Option of filing the application or request electronically		Possibilities to receive assistance or consultations electronically		
			according to the structure (function) of the institution	according to the situation of life	on the local government website	in the Public service catalogue on the portal www.latvija.lv , number of services					via e-mail	online	in the form of e-question, form of discussion or on the forum	Twitter account	
Rīga	•	•	•	•	•	265	•		•	•	•	•	•		•
Daugavpils	•	•	•	•	•	39	•		•	•	•		•		•
Jekabpils	•	•		•	•		•		•	•	•	•	•	•	
Jelgava	•	•	•	•	•		•		•	•	•		•		
Jūrmala	•	•	•	•	•		•	•	•	•	•		•		•
Liepāja	•														
Rezekne	•	•		•	•										
Valmiera	•	•		•	•		•		•	•	•		•		
Ventspils	•	•	•	•	•		•						•	•	
Adazi novads	•	•	•	•	•		•		•				•		
Aglona novads	•	•		•	•		•		•				•		
Aizkraukle novads			•		•		•		•				•		
Aizpute novads	•	•	•	•					•						
Aknīste novads	•	•	•	•	•								•		
Aloja novads			•	•			•								
Alsunga novads	•	•		•	•								•		
Alūksne novads	•	•	•	•	•	21	•	•	•	•	•			•	•
Amata novads							•	•	•						
Ape novads															
Auce novads	•	•	•	•	•		•	•					•		
Babīte novads	•	•	•	•	•	94	•	•	•				•		•
Baldone novads	•						•	•	•				•		
Baltinava novads															
Balvi novads	•	•	•	•	•		•		•	•	•		•		
Bauska novads	•	•		•	•				•				•		
Beverīna novads			•		•				•				•		
Brocēni novads	•														
Burtņieki novads	•	•		•	•		•		•				•		
Camikava novads	•	•	•	•	•				•				•		
Cēsis novads	•	•	•	•	•		•		•				•		
Cesvaine novads													•		
Cibla novads															
Dagda novads														•	
Daugavpils novads	•	•	•	•	•	20	•	•	•						
Dobele novads	•	•	•	•	•		•		•	•	•				
Dundaga novads	•	•	•	•	•				•	•	•		•		
Durbe novads	•	•	•	•	•	4			•						
Engure novads	•	•	•						•				•		

Local government	Information about services						
	Chapter "Services" and/or "e-Services"	List of local government services	Service structuring		Service descriptions		Information about the portal www.latvija.lv (link)
			according to the structure (function) of the institution	according to the situation of life	on the local government website	in the Public service catalogue on the portal www.latvija.lv , number of services	
Ergļi novads	•	•		•	•		•
Garkalne novads	•	•	•	•	•		
Grobina novads	•	•		•			•
Gulbene novads	•	•	•				•
Iecava novads	•	•		•	•		
Ikšķile novads	•	•	•	•	•		
Ilukste novads	•	•	•	•	•		•
Incukalna novads	•	•		•	•		•
Jaunjelgava novads							
Jaunpiebalga novads	•	•	•	•	•		•
Jaunpils novads	•	•	•	•	•		•
Jekabpils novads	•	•		•	•	1	•
Jelgava novads	•	•	•	•	•		•
Kandava novads	•	•	•		•		•
Karsava novads							
Koceni novads	•		•				•
Koknese novads	•	•		•	•		
Kraslava novads							
Krimulda novads	•						•
Krustpils novads	•						•
Kuldīga novads							
Kegums novads	•	•		•	•		
Kekava novads	•	•	•	•	•		
Lielvarde novads							•
Līgatne novads	•	•		•	•		•
Limbazi novads							•
Līvāni novads	•					1	
Lubāna novads							
Ludza novads	•						
Madona novads	•	•	•	•	•		
Malpils novads	•	•		•	•		
Marupe novads	•						
Mazsalaca novads						3	
Mersrags novads							
Naukšēni novads	•						
Nerēti novads	•						
Nīca novads							
Ogre novads	•	•	•	•	•	26	•
Olaine novads	•	•	•	•	•		•
Ozolnīki novads	•				•		
Pargauja novads	•	•		•	•		

Local government	Information about services					
	Chapter "Services" and/or "e-Services"	List of local government services	Service structuring		Service descriptions	
			according to the structure (function) of the institution	according to the situation of life	on the local government website	in the Public service catalogue on the portal www.ldzija.lv , number of services
Pavilosta novads						
Plavinas novads						
Preiļi novads	●	●		●	●	3
Priekule novads						
Priekuli novads	●				●	
Rauna novads						
Rezekne novads	●	●		●	●	63
Riebiņi novads	●	●		●		
Roja novads						
Ropazi novads	●					
Rucava novads						
Rugāji novads	●		●		●	
Rūjiena novads						
Rundale novads	●	●		●	●	3
Salacgrīva novads	●	●		●	●	
Sala novads						
Salaspils novads	●	●		●	●	2
Saldus novads	●					
Saulkrasti novads						
Seja novads	●	●		●	●	
Sigulda novads	●	●		●	●	
Skriveri novads	●			●	●	
Skrunda novads	●	●	●	●	●	
Smiltene novads						
Stopiņi novads	●	●		●	●	
Strenci novads	●	●	●	●	●	8
Talsi novads						
Tervete novads						
Tukums novads	●	●	●	●	●	
Vainode novads						
Valka novads	●	●		●	●	1
Varakļani novads						
Varkava novads			●		●	
Vecpiebalga novads	●	●		●	●	
Vecumnieki novads	●					
Ventspils novads	●	●	●		●	
Viesīte novads	●	●	●			
Vilaka novads	●	●	●	●	●	
Vilani novads	●					
Zilupe novads	●	●		●	●	
Total (● available / not available)	85 / 34	66 / 53	43 / 76	63 / 56	67 / 52	554*

* – Total number of service descriptions.

Information about the portal www.latvija.lv (link)	Information about E-iespejas.lv (link)	Level of service electrification				e-Consultations		Contact information
		Downloadable service forms	Information about the option of requesting the service electronically	Option of filing the application or request electronically		Possibilities to receive assistance or consultations electronically		
				via e-mail	online	in the form of e-question, form of discussion or on the forum	Twitter account	in compliance with Subsection 11.2.5 of the 06.03.2007 Regulations of the CM No. 171
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51 / 68	23 / 96	73 / 46	25 / 94	26 / 93	2 / 117	63 / 56	8 / 111	8 / 111

ANNEX 10. Division of the EU Fund Activities per National, Regional and Local Level Influence*

No.	Activity	No.	Activity
A	ACTIVITIES WITH NATIONAL LEVEL INFLUENCE		
A1	Operational programme “Human Resources and Employment”	2.3.1.2.	Measures to encourage innovations and business start-ups
1.2.1.1.1.	Development of industry qualification systems and restructuring of vocational education	2.3.2.1.	Business incubators
1.2.1.1.4.	Promotion of primary vocational education attractiveness	A3	Operational programme “Infrastructure and Services”
1.2.1.2.1.	Reform of general secondary education contents, improvement of study subjects, methodology and evaluation system	3.1.4.1.2.	Improvement of infrastructure for providing a professional rehabilitation services
1.2.1.2.2.	Support to ensure sufficiency of general secondary education teachers in priority subjects	3.1.4.1.3.	Improvement of infrastructure to develop social rehabilitation services for persons with vision and hearing disorders
1.2.1.2.3.	Increasing the competence of general education teachers and renewing their skills	3.1.4.2.	Improvement of infrastructure in labour market institutions
1.2.2.1.2.	Support to implement lifelong learning policy guidelines	3.2.2.1.1.	Development of information systems and electronic services
1.2.2.1.5.	Promotion of teachers' competitiveness within the optimization of educational system	3.3.1.1.	Improvement of the TEN-T road network
1.2.2.4.1.	Formation of system for inclusive education and support to youth at risk of social exclusion, training, ensuring and competence promoting of the required personnel	3.3.1.2.	Reconstruction and development of the TEN-T railway segments (development of the East-West rail corridor infrastructure and Rail Baltica)
1.3.1.1.1.	Support to training of employees to enhance competitiveness of enterprises – support to training in partnership	3.3.1.3.	Development of infrastructure of large ports within the framework of the “Motorways of the Sea”
1.3.1.1.3.	Training of unemployed and job seekers	3.3.1.5.	Infrastructure improvements for linkage with the TEN-T
1.3.1.1.5.	Support to training of people at risk of unemployment	3.3.1.6.	Provision of preconditions for sustainable development of Liepāja Karosta
1.3.1.2.	Support for self-employment and business start-ups	3.5.1.4.	Development of a system of environmental monitoring and control
1.3.1.3.1.	Improvement of supervision over implementation of legislation regulating labour relations and occupational safety	B	ACTIVITIES WITH REGIONAL LEVEL INFLUENCE
1.3.1.3.2.	Practical application of the legislation regulating labour relations and occupational safety in industries and enterprises	B1	Operational programme “Human Resources and Employment”
1.3.1.4.	Labour market institution capacity building	1.1.1.2.	Attraction of Human Resources to Science
1.3.1.5.	Support for the implementation of regional action plans for fostering employment	1.1.2.1.1.	Support to master's studies
1.3.1.7.	Forecasting short-term and long-term labour market demands and the development of monitoring system	1.1.2.1.2.	Support to doctor's studies
1.3.2.3.	Enhancement of competences, qualification and skills of health care and health promotion professionals	1.2.1.1.2.	Increase of competence of teachers involved in vocational education
1.4.1.1.1.	Complex supporting activities for residents' integration in labour market	1.2.1.1.3.	Support to improvement and implementation of primary vocational education programme quality
1.4.1.1.2.	Supported employment measures for unemployed persons from specific target groups	1.2.2.4.2.	Implementation of support measures to decrease the risk of social exclusion of youth and integration of disabled youth into education
1.4.1.2.1.	The development of evaluating system of labour capacity	1.4.1.2.4.	Development of alternative services to social rehabilitation and institutions in regions
1.4.1.2.2.	The development of social rehabilitation services for persons with vision and hearing disorders	B2	Operational programme “Entrepreneurship and Innovations”
1.5.1.1.1.	Support for implementation of structural reforms and analytical capacity in public administration	2.1.1.1.	Support to science and research
1.5.1.2.	Reduction of administrative barriers and quality improvement of public services	2.1.1.2.	Support to international cooperation projects in research and technologies
1.5.1.3.1.	Development and introduction of the quality management system	2.1.2.1.2.	Contact points of transfer of technologies
1.5.1.3.2.	Improvement of quality of public services at the national, regional and local levels	B3	Operational programme “Infrastructure and Services”
1.5.2.1.	Development of human resource planning and management system in public administration	3.1.1.1.	Modernisation of equipment and improvement of infrastructure for implementation of vocational education programmes
1.5.2.2.1.	Administrative capacity building of social partners	3.1.1.2.	Improvement of vocational education infrastructure and modernisation of equipment in places of imprisonment
A2	Operational programme “Entrepreneurship and Innovations”	3.1.2.1.1.	Modernization of premises and devices for improvement of study programme quality at higher educational establishments, including provision of education opportunities for individuals with functional disabilities
2.2.1.1.	Investment fund for investment in guarantees, high-risk loans, venture capital funds and other financial instruments	3.1.3.3.1.	Improvement of infrastructure and equipment in special educational establishments
2.2.1.3.	Guarantees for development of enterprise competitiveness	3.1.4.1.5.	Improvement of infrastructure to develop social rehabilitation services for persons with mental disorders
2.2.1.4.	Loans for development of enterprise competitiveness	3.1.5.2.	Development of emergency medical assistance

* Division according to the MEPLG report “Report on implementation of horizontal priorities “Balanced territory development” and “International competitiveness of Riga” in 2007-2010” (2011).

No.	Activity
3.1.5.3.1.	Development of stationary health care
3.1.5.3.2.	Development of radiotherapy treatment of oncology patients
3.2.1.1.	Improvement of category 1 state road network
3.2.1.4.	Improvement of small port infrastructure
3.3.2.1.	Development of sustainable public transport system
3.4.1.5.1.	Reduction of flood risks in Jekabpils and Plavinas
3.4.2.1.1.	Maintenance and renewal of urban monuments of national importance and infrastructure adjustment for tourism product development
3.4.3.1.	Establishment of a network of multifunctional culture halls of national and regional importance
3.5.1.2.1.	Recovery of dumpsites not meeting the requirements of legal acts
3.5.1.2.2.	Development of regional waste management systems
3.6.1.1.	Growth of national and regional development centres for sustainable and balanced development of the country
3.6.1.2.	Sustainable development of Riga

C ACTIVITIES WITH LOCAL LEVEL INFLUENCE

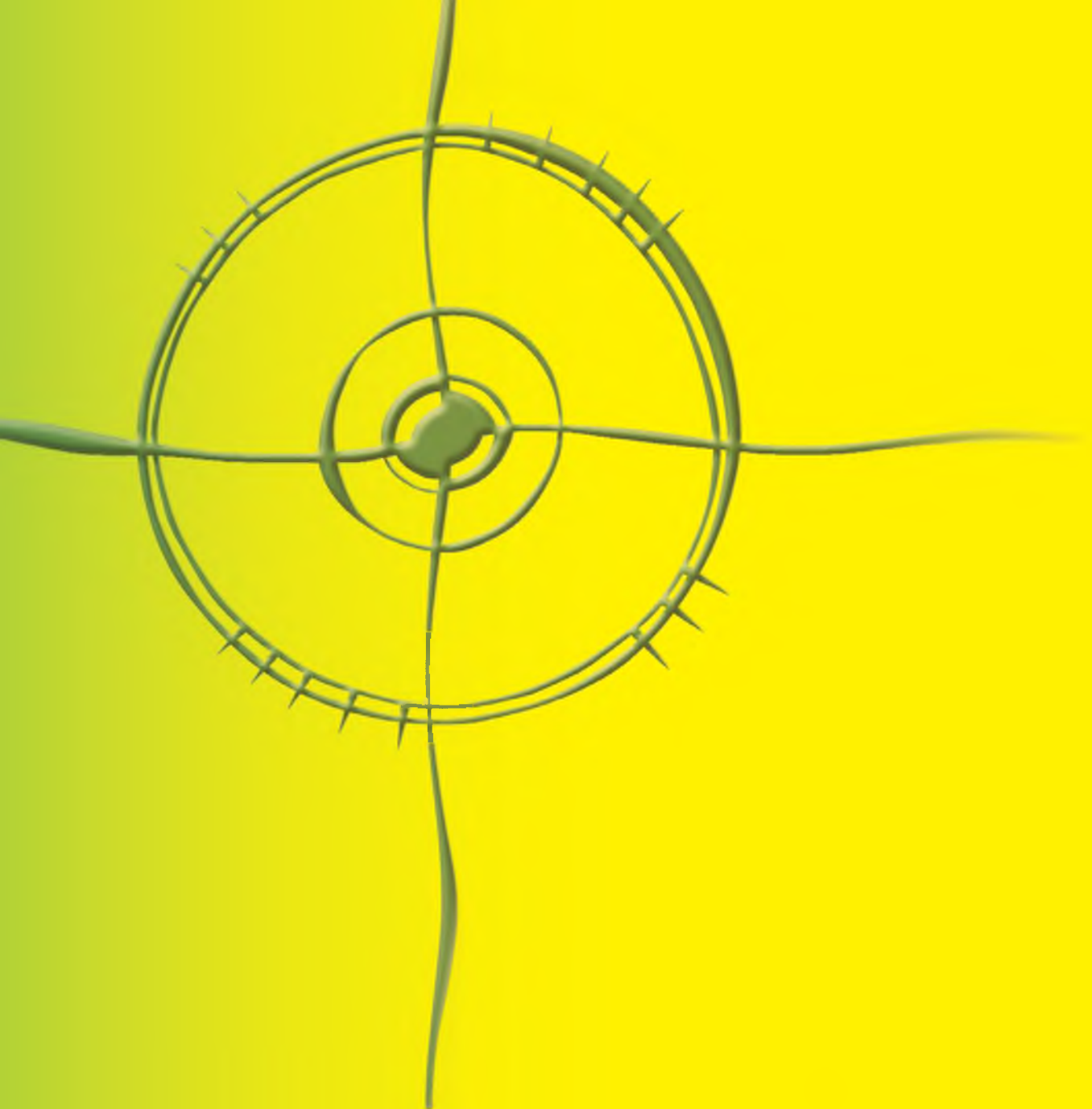
C1 Operational programme "Human Resources and Employment"

- 1.3.1.1.4. Support to training for employed for enhancing competitiveness of enterprises – support to individually organized training by enterprises
- 1.3.1.9. Attraction of highly qualified employees
- 1.5.2.2.2. Administrative capacity building of NGOs
- 1.5.2.2.3. Support to NGOs and local governments in building their capacities to implement measures financed by the Structural Funds
- 1.5.3.1. Attracting specialists to planning regions, towns and *novads*
- 1.5.3.2. Development planning capacity building of planning regions and local governments

C2 Operational programme "Entrepreneurship and Innovations"

- 2.1.2.2.1. Development of new products and technologies
- 2.1.2.2.2. Development of new products and technologies – aid for implementation of new products and technologies in production
- 2.1.2.2.3. Development of new products and technologies – aid for registration of industrial property rights
- 2.1.2.4. High value-added investments
- 2.3.1.1.1. Access to international trade markets – external marketing
- 2.3.2.2. Co-financing the investments in micro, small and medium-sized enterprises operating in the specially assisted areas

No.	Activity
C3	Operational programme "Infrastructure and Services"
3.1.3.1.	Provision of appropriate material supplies required for the implementation of high-quality natural science programmes
3.1.3.2.	Support for optimization of general educational establishments
3.1.3.3.2.	Improvement of infrastructure in general educational establishments for the students with functional disabilities and other disorders
3.1.4.3.	Development of pre-school educational establishment infrastructure in development centres of national and regional importance
3.1.4.4.	Supporting improved accessibility to alternative care services
3.1.5.1.2.	Development of health care centres
3.2.1.2.	Improvement of transit streets in cities
3.2.1.3.1.	Traffic safety improvement in populated areas outside Riga
3.2.2.1.2.	Computerisation of educational institutions
3.4.1.1.	Development of water management infrastructure in populated areas with the number of residents up to 2000
3.4.2.1.2.	Development of cycling tourism product of national importance
3.4.4.1.	Improvement of heat insulation of multi-apartment residential buildings
3.4.4.2.	Improvement of heat insulation of social residential buildings
3.5.1.1.	Development of water management infrastructure in agglomerations with more than 2000 residents
3.5.1.2.3.	Development of separate waste collection system
3.5.2.1.	Measures regarding the increase of efficiency of centralised heat supply systems
3.5.2.2.	Development of cogeneration power plants utilising renewable energy sources



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