



SUGGESTIONS FOR THE OPTIMIZATION OF EU FUNDS PROGRAMMES 2007-2013 TO PROMOTE REGIONAL DEVELOPMENT IN LATVIA

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The aim of this paper is to make conclusions regarding the allocation of EU funds in Latvian regions and local governments in the programming period 2007-2013, as well as to give suggestions for optimization of EU cohesion policy's financing allocation in Latvian territories in order to promote regional development.

According to the information of Ministry of Finance, the amount of EU funds for approved projects composes 54.6% of total financing for the current programming period. Moreover 44.4% of EU funds are contracted to final beneficiaries [1]. However there is still a significant amount of financing that can be redistributed between activities and territories, if necessary.

To make an objective analysis of EU funds financing in Latvian territories, EU funds activities, in which contracts have been concluded, are divided in three categories: activities of national importance, activities of regional importance and activities of local importance. Main criteria that are taken into account when estimating the impact of implementation of particular activity on development of territories are the territorial scope of operation of final beneficiary and the territorial scope of results of the implementation of particular activity.

Accordingly the total financing and financing per capita of activities of regional and local importance is analyzed in regional level, the financing of activities of local importance – in local level as well as in target territories of regional policy in Latvia (growth poles and underdeveloped territories). Furthermore, the allocation of financing in these territories is evaluated in context with such socio-economic development indicators as territory development index, GDP per capita, amount of personal income tax per capita and unemployment level. Moreover, special attention is paid to the mid-term results of implementation of EU funds activities that have direct impact on the promotion of economic activity in particular territory, for example “High value-added investments” and “Co-financing to the investments in micro, small and medium-sized enterprises operating in the specially assisted areas”, as well as the activity “Growth of national and regional development centres for sustainable and balanced development of the country” that is designed with an aim to strengthen the competitiveness, accessibility and attractiveness of Latvian cities and towns.

As a result conclusions about the current allocation of EU funds financing in Latvian territories are made and appropriate suggestions are proposed. The suggestions include proposals for the promotion of involvement of municipalities in the development of entrepreneurship in their and surrounding territories, suggestions for redistribution of financing to promote entrepreneurship in limited number of growth poles in regions, as well as proposals for the promotion of cooperation projects of smaller municipalities etc. Thus the proposed suggestions give fresh perspective on current trends in regional policy in Latvia.

References

1. Ministry of Finance (2010). 2007-2013 planning period EU Funds implementation progress (as to 28.02.2010). Provisional data according to Management informational system on 08.03.2010. Retrieved from <http://www.esfondi.lv/page.php?id=909>.