



Position Paper Latvia

**Position of the Commission Services on
the development of the Partnership Agreement
and Programmes in Latvia
for the period 2014-2020**

Launch Event 4.12.2012, Riga

Background

- Pro-active approach: early stage information on Commission's services position on priorities 2014-20 to Member States
- Framework for dialogue between Commission services and Member States
- Closer alignment with EU2020 strategy and Country Specific Recommendations (National Reform Programme)

Legislative process outline

- Commission proposals October 2011 (amended in September 2012)
- Negotiations in Council and European parliament (ordinary legislative procedure)
- Partial general agreement (General Affairs Council (16.10))
- European Council in November (MFF)
- European Parliament REGI committee adopted in July amendments to Regulation
- Trilogues: July, September and October

EU level

THE COMMON STRATEGIC FRAMEWORK
ERDF, ESF, CF, EAFRD, EMFF

National level

THE PARTNERSHIP AGREEMENT
ERDF, ESF, CF, EAFRD, EMFF

National or
regional level

Operational
Programmes for ERDF

Rural development
programmes
(EAFRD)

Operational
Programmes for
(EMFF)

Operational
Programmes for ESF

Operational
Programmes for CF

Multifund Operational
Programmes for ERDF,
ESF, CF

Common Strategic Framework

Reinforced:

- Strategic, integrated, coordinated and coherent approach
- Thematic concentration
- Prioritisation for visible results
- Results orientation
- Co-operation
- Simplification

Economic situation in Latvia

- Rapid recovery - economy expanded by 5.5% in 2011
- GDP per capita 58 % of the EU-27 average in 2011
- High economic disparities among Latvian regions
- Employment rate 67.2% in 2011
- Long-term unemployment 8.4% of active population in 2011. Youth unemployment 31% in 2011
- 40% of the population at risk of poverty and social exclusion

Main challenges

Low competitiveness and poor research and innovation performance

Underdeveloped and territorially unbalanced infrastructure

High unemployment, including of youth, skills mismatch and social exclusion

High energy intensity and inefficient use of natural resources

Low competitiveness and poor research and innovation performance

CHALLENGES

- Low productivity level of enterprises and low share of innovative companies
- Lack of market-driven access to capital, difficulties to attract foreign direct investments
- Underdeveloped advanced business services and slow take-up e-commerce
- Fragmented RTD&I system
- Shortage of skilled labour
- Corruption
- Failings of the Latvian judicial system hindering business and economic activity

Underdeveloped and territorially unbalanced infrastructure

CHALLENGES

- No direct railway connection with Central Europe, low electrification level of railway network
- Poorly maintained and fragmented public transport
- Augmenting transport GHG emissions due to the high usage of personal cars, rather than public transport
- Poor quality of roads leading to high accident rate
- Energy network needs improvement
- Penetration rate of fixed and mobile broadband is below the EU average

High unemployment, including of youth, skills mismatch and social exclusion

CHALLENGES

- High unemployment, in particular for long-term unemployed, youth, low skilled
- Quality and participation problems in education leading to skills mismatch
- High number of people at risk of poverty or social exclusion, weak social protection and social work

High energy intensity and inefficient use of natural resources

CHALLENGES

- Energy intensity more than double the EU-27 average
- Renewable energy sources require diversification
- Waste management not in line with the waste hierarchy
- High percentages of waste water remain uncollected
- Pollution from individual and diffuse sources creates a significant burden on surface and underground water
- Deficiencies in drinking water treatment, distribution and quality monitoring systems
- Loss of biodiversity and wind and water erosion of soil

Challenges for Latvia in the agricultural and fisheries sectors

- **Agricultural sector and rural areas**
 - Low added value
 - Connection to innovation
 - Depopulation
- **Fisheries sector and coastal areas**
 - Decreasing fishing opportunities: expected loss of jobs and profit
 - Many small boats
 - Small aquaculture sector
 - Less developed coastal regions



EU2020 targets

Europe 2020 targets	Current situation	National 2020 target NRP
3% of expenditure on research and development	0.6% (2010)	1.5%
20% greenhouse gas (GHG) emissions reduction compared to 1990	+6% (2010 non-ETS emissions compared to 2005) Based on current policies, in 2020 +18%, 2020 non-ETS projections compared to 2005	+17% (national binding target for non-ETS sectors compared to 2005)
20% of gross final energy consumption from renewable energy sources (RES)	32.57% (2010)	40%
20% increase in energy efficiency	Gross domestic energy consumption: 4.54 Mtoe in 2010	Energy savings of 0.668 Mtoe, including transformation sector (compared to 2008 level of 4.6 Mtoe)
75% of the population aged 20-64 should be employed	67.2% (2011)	73%
The share of early school leavers should be under 10%	11.8% (2011)	13.4%
At least 40% of 30-34 years old should have completed a tertiary education	35.7% (2011)	34-36%
Reducing the number of people at risk of poverty or exclusion by 20 million in the EU	19.3% (share of persons at risk of poverty or 97 000 lifted out the risk of poverty and/or jobless households by 2011)	21% (share of persons at risk of poverty or by lifting 121 000 people out of the risk of poverty and/or jobless households)

Funding priorities

- Need for strategic orientation and concentration, the need to avoid fragmentation of investments
- CSF Funds are an important tool in reaching Europe 2020 targets
- Concentration among and within the thematic objectives

Funding priorities for Latvia

(There is no ranking in the presentation of the funding priorities)

Innovative and competitive business and research environment

Modern infrastructure for growth and jobs

High employment, skilled people and inclusive society

Energy efficiency and sustainable management of natural resources

Innovative and competitive business and research environment (I)

Enhancing SMEs
competitiveness
and innovation

- Support to SME's innovation, technology transfer
- Promote access to external markets and attract FDI
- Support to internationalisation of SMEs
- Support for business advisory services
- Developing ICT products and services

Innovative and competitive business and research environment (II)

Optimising RTD&I
infrastructure and
capacities and
expanding
international co-
operation

- Further rationalisation, consolidation of RTD&I structures and activities on the basis of smart specialisation strategy
- Increase the participation of private sector in RTD&I
- Fostering links between research and industry
- Opening up the national RTD&I system for international co-operation, development of clusters and networks
- Highly qualified scientists and engineers

Innovative and competitive business and research environment

Optimising RTD&I
infrastructure and
capacities and
enhancing SMEs
competitiveness
and innovation in
agriculture

- Increase competitiveness of primary producers - enhanced cooperation between enterprises and R&I
- Development of networks and cooperation (European Innovation Partnerships)
- Support to modernisation
- Business opportunities from resource efficiency

Innovative and competitive business and research environment

Strengthening
private research
and creating an
innovation-friendly
business
environment in
marine and
maritime sectors

- Explore the potential for growth in marine and maritime sectors in line with the Blue Growth initiative
- Mature marine sectors with high potential if adapted to new challenges: coastal and cruise tourism, maritime transport.
- Sectors with high innovation and growth potential: biotechnology, blue energy

Innovative and competitive business and research environment (III)

Improving quality
and efficiency of
judiciary

- Reduce backlog and length of civil procedures
- Support for development of reliable quality assurance and data collection and compilation systems for the justice systems

Innovative and competitive business and research environment (IV)

Thematic objectives:

- Strengthening research, technological development and innovation
- Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)
- Enhancing access to, and use and quality of, information and communication technologies – partly
- Enhancing institutional capacity and an efficient public administration
- Promoting employment and supporting labour mobility – partly

CSRs: 3, 6 and 7 of 2012

Modern infrastructure for growth and jobs (I)

Addressing
significant gaps in
transport
infrastructure with
a shift to
environmentally
sustainable modes
of transport

- Investing in the TEN-T (Rail Baltica)
- Environment-friendly and low-carbon transport systems and urban mobility
- Connecting regions to the TEN-T infrastructure

Modern infrastructure for growth and jobs(II)

Developing energy networks

- Build and upgrade low-voltage distribution networks, including smart grids and integration of distributed production in the grid
- Upgrade networks to ensure uptake from renewable energy sources

Modern infrastructure for growth and jobs (III)

Increasing
deployment and
take-up of ICT
networks

- Roll-out of open, accessible, affordable and future-proof Next Generation Access Infrastructure
- Improvement and expansion of the broadband infrastructure, especially in remote areas

Modern infrastructure for growth and jobs (IV)

Thematic objectives:

- Promoting sustainable transport and removing bottlenecks in key network infrastructure
- Supporting the shift towards a low-carbon economy in all sectors - partly
- Enhancing access to, and use and quality of, information and communication technologies – partly

CSR: 5 of 2012

High employment, skilled people and inclusive society(I)

Effective **active labour market policies (ALMP)**

- Increase ALMP coverage and activation rate
- Increase employment rate of older people
- Increase share of flexible modes of work
- Increase regional mobility

High employment, skilled people and inclusive society(II)

Youth guarantees

- Support implementation of the youth guarantees within four months after leaving school



High unemployment,
including of youth, skills
mismatch and social
exclusion

High employment, skilled people and inclusive society(III)

High quality labour
market relevant
and
entrepreneurship-
focussed
education I

- Support implementation of strategies for fighting early school-leaving
- Raise skills and competence of teachers (general education and VET). Increase use of modern teaching methods and development of creative skills
- Support implementation of national career guidance system

High employment, skilled people and inclusive society(IV)

High quality labour
market relevant
and
entrepreneurship-
focussed
education II

- Raise participation in VET
- Support implementation of VET in-company apprenticeship system



High unemployment,
including of youth, skills
mismatch and social
exclusion

High employment, skilled people and inclusive society(V)

High quality labour
market relevant
and
entrepreneurship-
focussed
education III

- Increase share of mathematics, science and technology studies' graduates
- Strengthen co-operation with employers in design and delivery of programmes and quality assurance, placements and internship, workplace learning
- Support development of strategic partnerships with research sector and businesses for innovation

High employment, skilled people and inclusive society(VI)

High quality labour
market relevant
and
entrepreneurship-
focussed
education IV

- Increase participation rate in lifelong learning
- Support diversification of the training offer in relevance to labour market needs and introduction of flexible modes of delivery
- Support effective implementation of the qualification framework and the system for validation of non-formal and informal learning



High unemployment,
including of youth, skills
mismatch and social
exclusion

High employment, skilled people and inclusive society(VII)

High quality labour
market relevant
and
entrepreneurship-
focussed
education V

- Support for investments in education and training infrastructure particularly with a view to optimisation of the education system, reducing territorial disparities, increasing the responsiveness of education and training systems to evolving patterns of skills needs and demands

High employment, skilled people and inclusive society(VIII)

**Integration of
the most
disadvantaged**
groups in the
labour market,
education and
society

- Reduce barriers to employment
- Strengthen social integration of disadvantaged groups
- Improve targetting of social assistance benefits
- Support development of social assistance data management and monitoring system
- Improve availability, quality and effectiveness of social work
- Reduce share of people in institutional care
- Promote inclusive education



High unemployment,
including of youth, skills
mismatch and social
exclusion

High employment, skilled people and inclusive society (IX)

Promoting
employment, social
inclusion and skills
in coastal and rural
areas

- Diversification, entrepreneurship and business creation offering new opportunities for **employment** in coastal and rural areas
- **Skills development** of farmers and fishermen
- **Community Led Local Development**

High employment, skilled people and inclusive society (X)

Thematic objectives:

- Investing in education, skills and lifelong learning
 - Promoting employment and supporting labour mobility
 - Promoting social inclusion and combating poverty
- CSR: 3, 4 and 7 of 2012

Energy efficiency and sustainable management of natural resources (I)

Shift to energy,
resource-efficient
and low-carbon
economy

- Energy efficiency retrofitting measures in the public buildings and housing sector
- Innovative energy efficiency solutions in businesses
- Promoting diversification of renewable energy sources

Energy efficiency and sustainable management of natural resources (II)

Shift to energy,
resource-efficient
and low-carbon
economy in
agriculture and
forestry

- Enhanced **energy efficiency** of agriculture sector
- Promoted **use of renewable energy** sources in agriculture
- Sustainable **production of renewable energy** from agricultural and forestry residues

Energy efficiency and sustainable management of natural resources (III)

Protect
environment,
promote climate
change adaptation
and risk prevention
in agriculture and
forestry

- Targeted agri-environment-climate measures
- Encourage collective approaches
Enhance the resilience to the adverse impacts of climate change
- Address specific risks → diseases
- Improve water and soil management
 - → efficiency
 - → quality

Energy efficiency and sustainable management of natural resources (IV)

Protecting the
environment and
promoting resource
efficiency in
fisheries and
aquaculture

- Increase yields from fishing through better managed fish stocks
- Eliminate wasteful practice (discarding) and promote efficient catching techniques with low impact on environment
- Promote better knowledge and science through enhanced data collection
- Improving fisheries control

Energy efficiency and sustainable management of natural resources (V)

Addressing
significant needs
for investment in
the waste and
water sectors to
meet the
environmental
acquis

- Waste water treatment infrastructure and collection networks
- Drinking water infrastructure, including reductions of leakages from networks
- Waste management system in line with the waste hierarchy and development of more efficient waste-to-energy systems

Energy efficiency and sustainable management of natural resources (VII)

Thematic objectives:

- Protecting the environment and promoting resource efficiency
- Supporting the shift towards a low-carbon economy in all sectors – partly
- Promoting climate change adaptation, risk prevention and management (EAFRD)

CSR: 5 of 2012

European Territorial Cooperation

- Transnational and cross-border cooperation (for certain joint and coordinated activities and the support of the coordination process)
- Mainstreaming cooperation by using its potential in all OPs (mainly coordinated, complementary and convergent activities)
- EU Strategy for the Baltic Sea Region

Territorial development

- Integrated Territorial Investments (ITI)
- Sustainable urban development strategies
- Community Led Local Development (CLLD)

Success factors

- Strategic, integrated, coordinated and coherent approach
- Targeted actions with measurable impacts
- Cooperation across regions, funds & strategies
- Ex-ante conditionalities:
 - National research and innovation strategy for smart specialisation
 - Comprehensive national transport plan
 - National strategy for poverty reduction
 - Strategy for reinforcing administrative efficiency including public administration reform
 - Comprehensive national broadband plan
 - Effective implementation of EU environmental *acquis* in the sectors of waste management and wastewater management
 - Strategic plan for aquaculture and improve data collection for fisheries management

Governance of the CSF

Main issues for Latvia:

- Improve strategic input and efficiency of the decision-making
- Simplification of the Funds' institutional set-up
- Strengthening administrative capacity
- Better coordination of funds and programmes, cutting administrative costs and burden for the beneficiaries, wider use of e-cohesion possibilities

Next steps: the way forward

Negotiation process for Partnership Agreement (PA)

