Administrative territorial structure and reforms in Latvia

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Classification of administrative territories

Territory of Latvia – 64589 km²
Inhabitants ~2 mln.

The territory of Latvia
6 Statistical regions
5 Planning regions

NUTS-1; NUTS-2
NUTS-3
-

System of local government in Latvia **before the reform** 2009

<table>
<thead>
<tr>
<th>Regional level</th>
<th>26 districts</th>
<th>republican cities 7 (NUTS 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local level</td>
<td>50 towns</td>
<td>republican cities 7</td>
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<tr>
<td></td>
<td>41 amalgamated local municipalities</td>
<td></td>
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<td></td>
<td>424 parishes</td>
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System of local governments in Latvia **after the reform** since 2009

| Local level | 9 republican cities and 110 municipalities |
Administrative territorial division in Latvia
Main positive effects

**Concentration of financial resources** empowered many local authorities to attract public and private investment resources.

**Concentration of human resources** has increased capacities of local administrations.

**Concentration of financial resources increased efficiency of budget spending**

Increased territorial scale has **improved local democracy**

Areas of local governments that were created around regional development centres have benefited from **increased urban-rural cooperation**.
Unresolved issues

- Fragmentation of administrative territorial structure
- Limits to further decentralization of national government functions
- Insufficient tax revenue in many small local municipalities
- Local municipalities without regional development centers (limits to urban-rural cooperation)
- Low performance of certain functions in smaller local municipalities
- Relatively high administrative costs in small local municipalities
- Insufficient tax revenue in many small local municipalities
- Low performance of certain functions in smaller local municipalities
- Relatively high administrative costs in small local municipalities
Lessons learned

**Overall vision or strategic framework**

That is linked to the overall regional and national development goals and perspectives is needed.

**Local government reform**

Should not be viewed and implemented in isolation from other tiers of government.

**The aims and strategic orientations**

Of the initiated reform process should be publicly discussed and politically accepted.

**A voluntary, bottom-up approach**

Is democratic but not always the most effective approach to achieve the desired result.

**A top-down approach**

After a period of consultations with local authorities can be a legitimate and more effective way to balance local initiative and national strategic interests.

**Motivational instruments**

(not only financial resources but also more competences and powers, more discretion, different status and respect)

**Increasing the long term functional and fiscal capacities**

Of local government is vital.
Cooperation of local governments in 29 cooperation areas

Criterion: national and regional centers of national importance

The objectives of the cooperation areas:

• use a greater diversity of resources, jointly build development planning, to realize large-scale development projects, to create a joint infrastructure and more effective preconditions for economic development and attraction of investment

• common created professional bodies (building boards, educational administrations, high school networks, vocational schools, birth registers, health care and social services, tourism, IT structures, police, deprivation authorities and civil defence etc.)

• cultural and sports activities

• public transport planning (school transport, taxis, local road management)

• joint management of municipal capital companies (hospitals, utilities etc.)
Network of Unified Customer Service Centres

- Unified legislative framework
- ICT use in delivery of public services
- Transparent financing system
- Unified customer service network
- Coordination
Solution for development the unified customer service network

- 89 development centres of district significance
- 21 development centres of regional significance
- 9 development centres of national significance
Unified Customer Service Centres - point of single contact for municipal and national services

- Social Insurance
- Taxes and Revenues
- Employment
- Register of Enterprises
- Rural Support
- Land Service
- Citizenship and Migration
- Labour Inspectorate

On site provision

Digital tutor
Regional development: Challenges and solutions

Challenges

Regional development - reducing differences
What factors can hold inhabitants in the region?
Resources always are limited – demand from local governments exceeds supply

Solution?

Urban network
9 + 21

Funding concentration
Measures for regional development support 2014-2020

Specific objective 3.3.1. – To increase the amount of private investment in the regions, by making investment for entrepreneurship development according to the economic specialization of territories set in the municipal development programs, as well as based on the local entrepreneurs needs

**Indicative EU funding:** 64,2 million EUR  
**Receivers:** local governments  
- National centres of development 16,1 million EUR  
- Regional centres 10,9 million EUR  
- Local centres (89) 37,2 million EUR

Specific objective 5.6.2. – Revitalization of territories through regeneration of degraded territories according to municipal integrated development programmes

**Indicative EU funding:** 264,6 million EUR  
**Receivers:** local governments  
- National centres of development 120,2 million EUR  
- Regional centres 92 million EUR  
- Local governments in Latgale planning region 52,24 million EUR
The key for success - cooperation

Entrepreneur

Investments

Results:
- New jobs
- Non-financial investments

Interest from entrepreneur
Agreement of cooperation

Local government

Investments in public infrastructure

Industrial zone

Entrepreneur

Investments

Results:
- New jobs
- Non-financial investments

Interest from entrepreneur
Agreement of cooperation

Local government

Investments in public infrastructure

Industrial zone
Local governments initiatives

Administration
- Specialist for business support
- Availability and development of services, including e-services
- Promoting a partnership with entrepreneurs
- Improvement of professional skills of local government employees

Infrastructure
- Development of industrial areas
- Improving infrastructure (water supply, sewerage, roads)
- Electronic communications network
- Establishment of a business incubator with production premises
- Tax and duty relief

Marketing activities
- Territory marketing programme
- Information support for entrepreneurs
- Creation of local brand
- Establishment of the business advisory council
- Creation of investment catalogue

Start-up aid
- Grants for entrepreneurs
- Promoting young people's interest on entrepreneurship
- Promoting lifelong learning
- Provision of mentoring programme
- Tax and duty relief
The most important precondition

Local government capacity:

- Cooperation
- Ability to use existing and new tools

Ministry of Environmental Protection and Regional Development
Republic of Latvia