

**Role of small and medium
sized urban areas in territorial
development:
Latvian experience and plans
for the upcoming Latvian
presidency of the Council of
the EU**

Ilze JUREVIČA

Ministry of Environmental Protection and
Regional Development
Regional Policy Department



Latvia

- Area: 64 589 km²
- Population: 2 172 812
- Population density: 33,6 people/km²
- Average salary: 716 euro

- Borders with Estonia, Lithuania, Russia and Belarus
- Member of EU and NATO, member of Schengen Agreement

- Territorial division:
 - 5 planning regions
 - 119 municipalities



Urban areas in Latvia

- 76 cities and towns, including:
 - 9 republican cities (urban municipalities) – more than 20 thousand inhabitants, 5 – more than 50 thousand inhabitants
 - 21 regional centres – 5 to 20 thousand inhabitants
- Largest city – Riga (702 thousand inhabitants)
- Smallest town – Durbe (575 inhabitants)
- Urban areas cover 11% of all the country
- Degree of urbanisation – 68 %

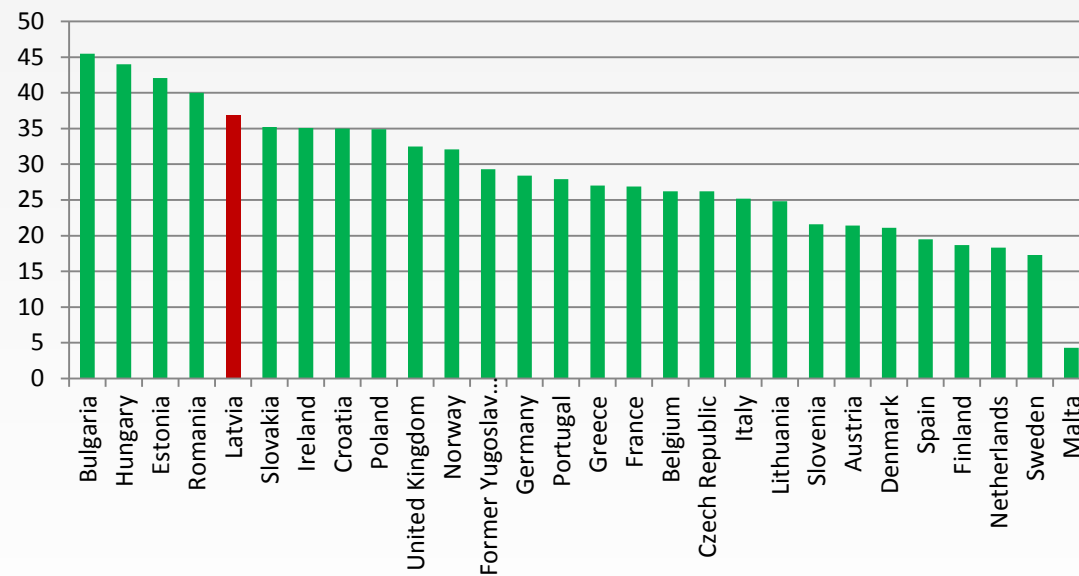
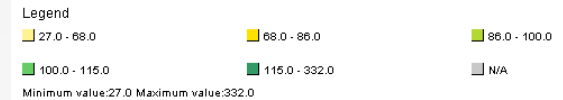
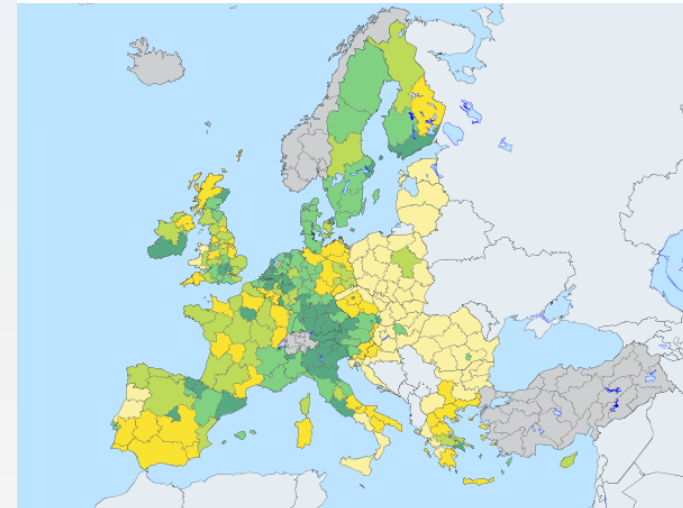


Regional disparities in the European Union

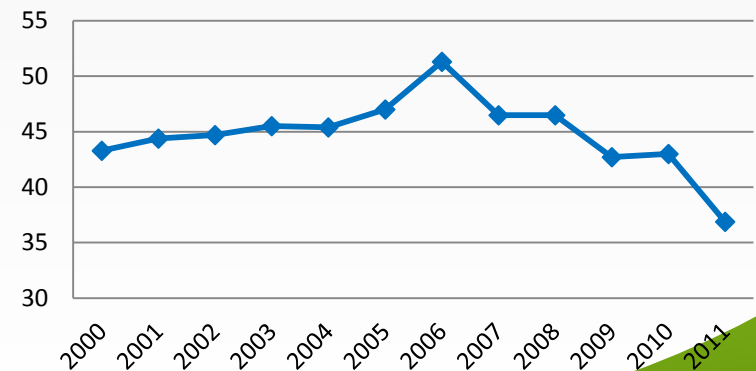
Latvia has 5th largest regional disparities in EU-28 (dispersion of regional GDP per inhabitant in NUTS 3 regions)

GDP per inhabitant difference among regions in 2011: 2,3x

Regional gross domestic product (PPS per inhabitant in % of the EU-27 average) by NUTS 2 regions 2009

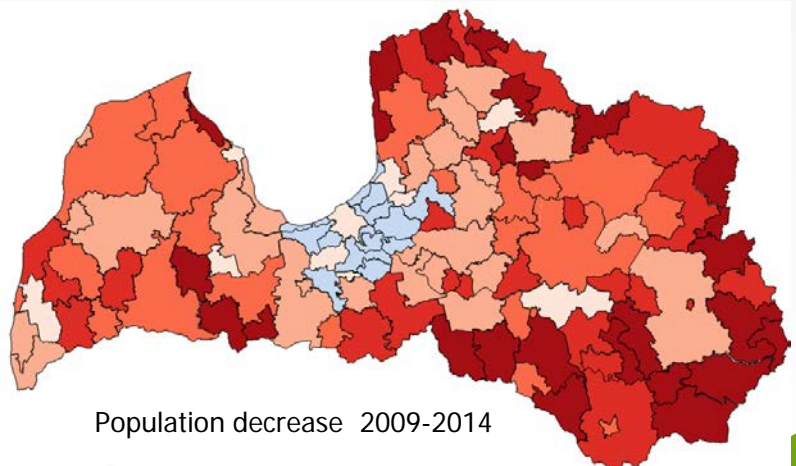
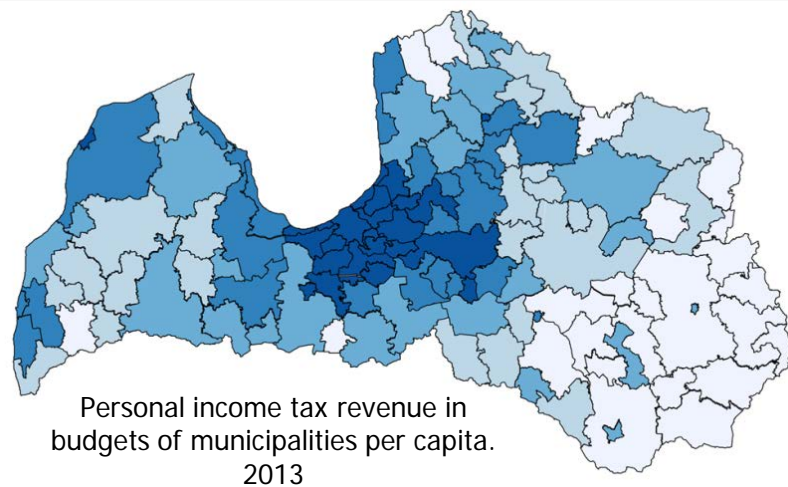
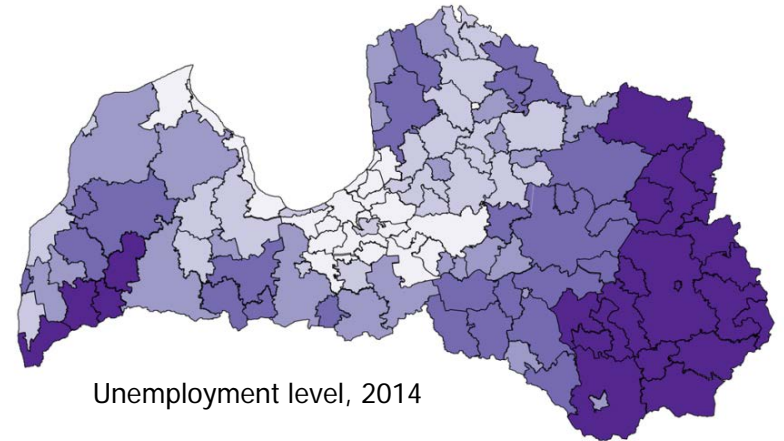
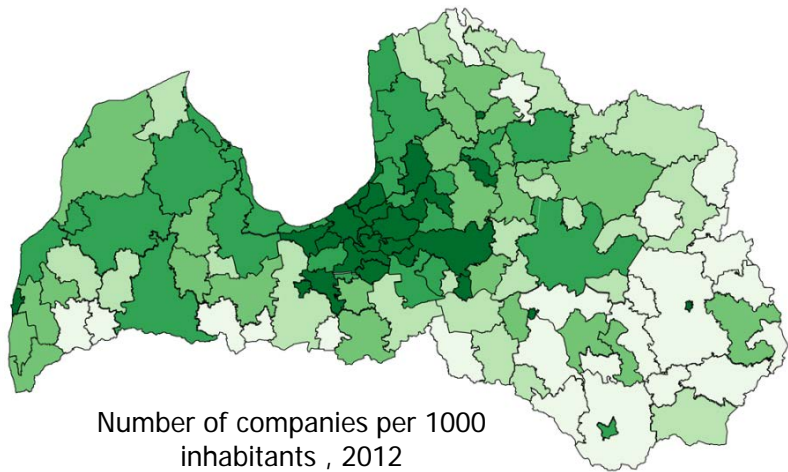


Changes in dispersion of regional GDP per inhabitant in Latvia 2000-2011



Regional development disparities

- Pronounced monocentric development tendencies



Regional policy in Latvia

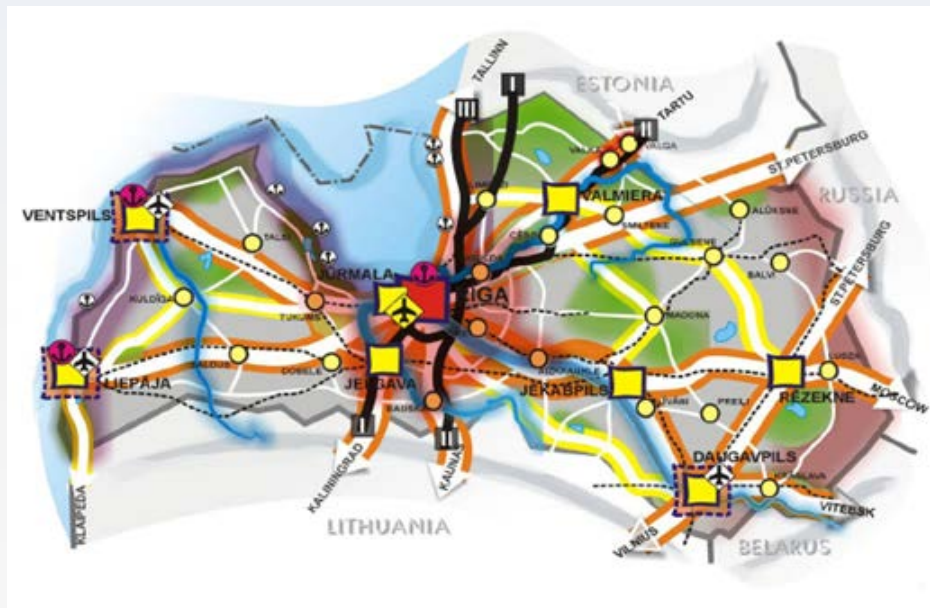
- Development planning and policy documents:
 - Sustainable Development Strategy 2030
 - National Development plan 2014 - 2020
 - Regional Policy Guidelines 2013 - 2019
- Aimed at unlocking potential of different areas
- Urban development issues – part of national regional policy
- Proposes polycentric development as a precondition for sustainable and balanced development
- More active role of municipalities in promotion of development of the territory



Regional policy target areas and support directions

Target areas

- **Development centres** of national and regional significance (9+21 municipalities)
- **Rural areas** (89 municipalities)
- Riga agglomeration
- Baltic Sea coastal area
- Eastern border area

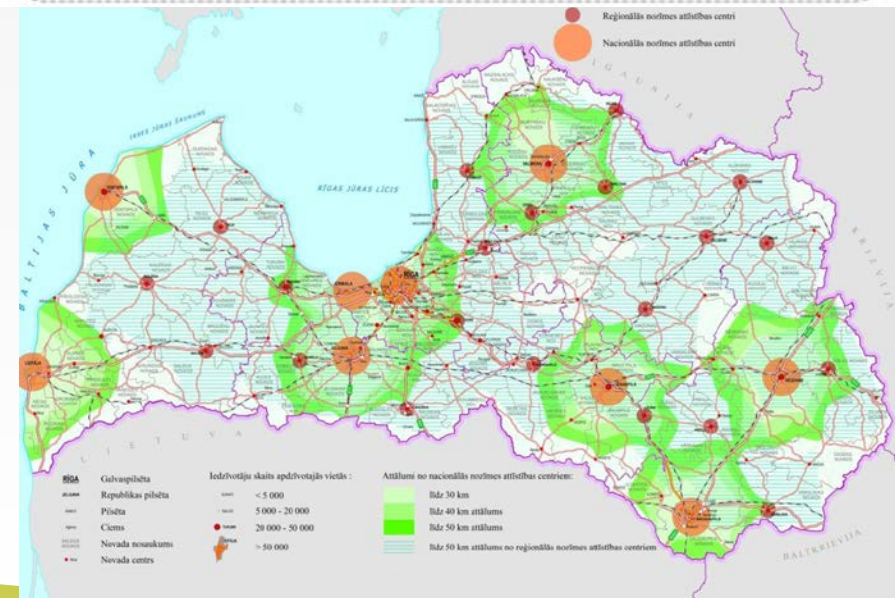
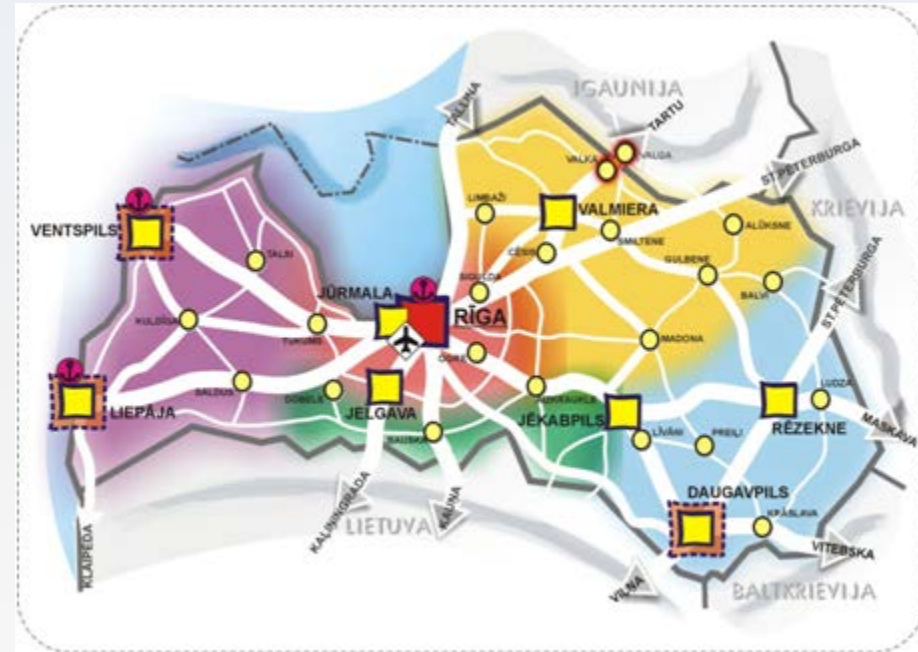


Support directions

- **Public infrastructure for promotion of entrepreneurship** (industrial sites, communications etc.) (*territorial support measures*)
- **Transport infrastructure for accessibility of territories** (*sectoral support measures*)
- **Provision of public services** – development of infrastructure according to “basket” of public services (*sectoral support measures*)

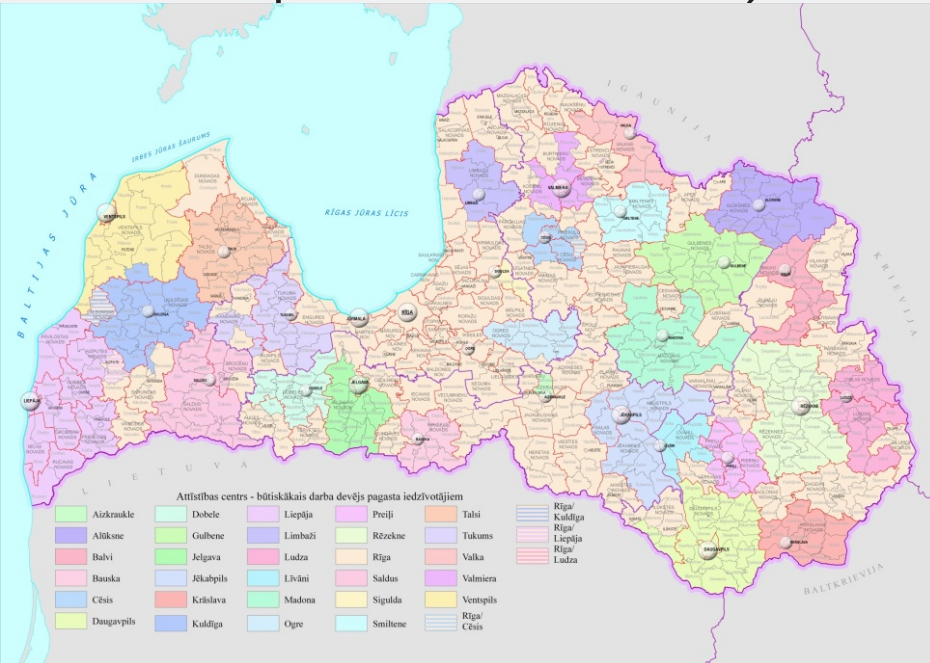
National and regional development centres - balanced network of centres

- Defined in 2010
- **Concentration of population** – key resource for growth (72%)
- **Concentration of economic activity and enterprises** (54%)
- **Concentration of services**, including:
 - Higher education institutions
 - Regional units of public administration institutions
- **Evenly distributed throughout the country** – a precondition for balanced development (~50 km between closest development centres with some exceptions)

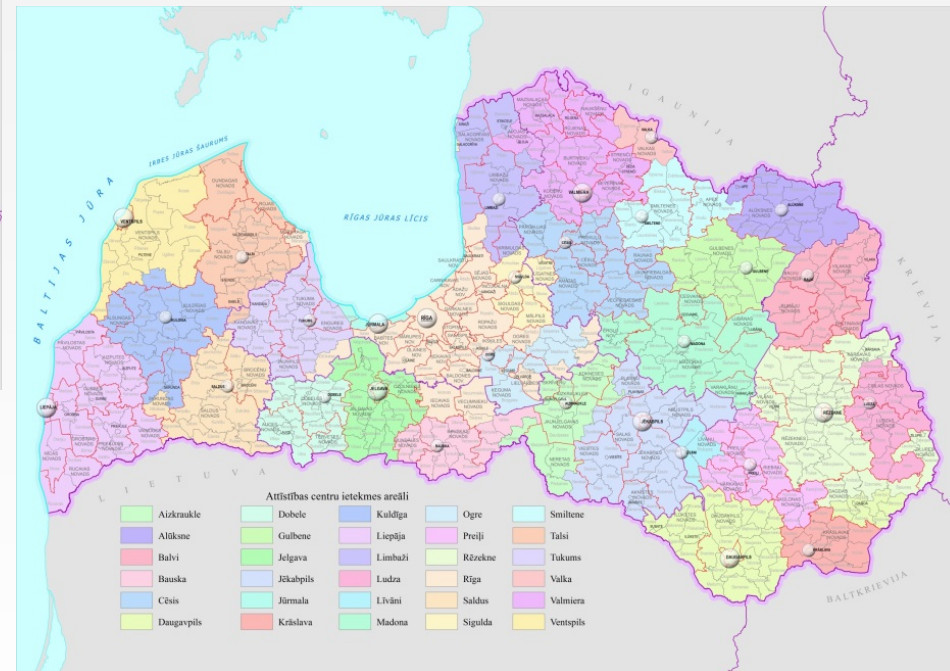


Current trends in mobility

Concentration of jobs (flow of personal income tax)



Commuting to work and receiving public services



Role and potential of Latvia's development centres

- National development centres perform **better** in terms of **key economic and demographic indicators** in comparison to other municipalities
- National development centres can ensure **critical mass of resources** for faster growth
- Development centres should **strengthen their specialisations**:
 - by improving **linkage between specialisation and education programs** offered by higher education institutions
 - by developing **cooperation with entrepreneurs** which work in the areas of specialisation
- Development centres can **improve cooperation with surrounding areas and other development centres**, including
 - developing cooperation in **provision of services, promotion of entrepreneurship**
 - **sharing good practice** and experience
 - developing cooperation in the **long term**



Challenges for Latvia's development centres

- **Economic** – unemployment, lack of jobs, need to improve business environment and infrastructure, including unmanaged and insufficiently used former industrial sites, mismatch between workforce education and skills and labour market demand
- **Demographic** – shrinking and aging of population, outflow of qualified workforce, need to revise municipal service provision network in order to adapt to the decrease of population, insufficient availability of pre-school services
- **Environmental** – deprived and contaminated areas in former industrial sites, outdated infrastructure (water, sewerage, waste and drainage management systems), insufficient use of centralised water management services, flooding risks
- **Climate** – low energy efficiency of municipal and manufacturing buildings, low activity of apartment owners in energy efficiency measures, poor condition of central heating pipelines that causes significant heat loss
- **Social** – unemployment, high and often growing poverty rates, insufficient provision of social services to various target groups according to their needs



Policy approach in strengthening urban areas

- Investment concentration in development centres in regional development support measures
- Integrated local development strategies - basis for allocation of investments
- Place-based and integrated solutions
- “Basket” of public services for each level of development centres - one of the criteria for allocation of investments (education, health, culture, social care, sports)
- Thematic focus of investments: business infrastructure, quality and availability of public services, mobility, capacity at local level to promote economic development
- Promotion of cooperation - functional networks of development centres, urban-rural partnership



Small and medium sized urban areas – priority of upcoming Latvian Presidency

- Issue on SMUAs less explored
- SMUAs have a crucial role in regional development
- SMUAs cover significant part of EU:
 - ~ 30 % of EU inhabitants live in small and medium sized urban areas
 - ~ 19 % of EU inhabitants live in very small urban areas
- European level Urban Agenda framework
- Specificity of Latvia's settlement and other small countries



Expected results

- Specific **challenges** of SMUAs **identified**
- The main **preconditions for development** of SMUAs **identified**
- Provisional **development directions** of SMUAs **identified**
- The **essential role** of SMUAs in a wider territorial context **recognised at EU level**
- **Challenges** of SMUAs **considered in EU policies** as a part of overall EU Urban agenda
- Effective **support mechanisms and measures discussed**



Thank you!

