

Priorities of the European Union Structural Funds in Zemgale Region (Latvia)

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Abstract. Starting from May 1, 2004 Latvia as one of the EU member states has received the possibility to use the European Union (EU) Structural Funds (SF) for equalisation of regional disparities. The research focuses on the analysis of Structural Funds uptaking in Latvia for the period of 2004-2006, when Latvia received public financing from the Structural Funds amounting to LVL 462 million, of which Zemgale region received 11%. The research provides the assessment of the main regulatory enactments and characteristics of the five strategic priorities prescribed by the SF. The research dwells upon the evaluation of financing attracted through the SF priorities, number of implemented projects, and operating efficiency in Latvia and Zemgale as one of the central regions of Latvia. Totally 7571 projects have been implemented in Latvia, of which 13% in Zemgale. The largest number of projects has been implemented in Priority 4 (Promotion of Development of Rural Areas and Fisheries) – 50% in Latvia, while 75% of total number of projects have been implemented in Zemgale. The authors have chosen 3 main indicators to determine the operating efficiency of Structural Funds. The authors have calculated the actual use of the SF public financing per 1000 inhabitants, 1000 economically active enterprises and LVL 1000 of Gross Domestic Product (GDP) for the period of 2004-2006.

Key words: EU Structural Funds, priorities, financing, projects.

Introduction

Since regaining the second independence in 1991, the key strategic goal for Latvia has been to join the European Union. The goal was achieved in 2004; hence it has also been a time of challenges for Latvia. The EU Structural Funds have promoted a rapid economic growth in Latvia, yet at the same time they have revealed low efficiency of individual economic sectors. Presently the first programming period (2004-2006) for uptaking financing from the EU Structural Funds has been completed; the experience in attraction and uptaking of the SF financing has been mastered through investments. The final evaluation on the use of funding requires studies for the assessment of the SF financing operating efficiency for the planning period of 2004-2006 and in individual regions. Such an assessment is essential for improvement of the use of Structural Funds in the period of 2007-2013 and in future.

Several authors have studied the significance of the SF uptaking in Latvia as means for the economic growth: in 2003 E. Dubra and other authors concluded that the main goal of structural policy was the reduction of economic dissimilarities between different countries and regions. In 2009 evaluating the dynamics of non-financial investments in Latvia between 1997 and 2006, she specified that the accession of Latvia to the EU in 2004 had become one of the most fundamental incentives for Latvian enterprises to attract investments. Recently the amount invested in the national economy of Latvia has been by 26.4% larger compared with 2003. Also in 2005 and 2006 the increase of the amount of non-financial investments has been quite fast. Since the accession of Latvia to the EU, the average annual real growth rate of non-financial investments

has equalled to 18.1%, thus indicating on high entrepreneurial activity in investment attraction, which still remains against the background of a recent fast economic growth (Dubra, 2009). I. Slavinska (2005) emphasises that when attracting the EU investments and credits it is necessary to create an attractive space of living, thus arousing wish to live in the countryside not only for the present rural population, but also arousing interest of urban population to move to rural areas. R. Zvirgzdiņa (2007) underlines that the EU support facilitates structural changes in the national economy and helps reduce social and economic disproportions. I. Pilvere (2007) indicates that during the period of 2003-2005, positive changes were observed in the agricultural efficiency and development describing indicators. Some indicators, for instance, value added in agriculture and the average monthly wage for the employed in agriculture has increased more rapid compared with the average respective indicators of the national economy in Latvia.

V. Tetere and I. Pilvere (2007) point out that the uptaking of SF financing is quite successful; although the activity of beneficiaries differs by regions. V. Tetere (2009) concludes that since Latvia is an EU member state the amount of investments has been one of the largest in the EU; although the amount of investments per capita is one of the lowest indicators with an increasing tendency. Investments constitute approximately 35% of Latvia's GDP, which is a high indicator. With the attraction of SF financing, entrepreneurs took the possibility to use the financing for company development: introduction of new technologies, creation of new jobs, and training of employees. On a state scale the SF financing helped develop infrastructure.

The use of the EU Structural Funds has been studied also in other new EU member states, for instance, Poland – P. Mickiewicz (2007), J.J. Sienkiewicz (2009), A. Zawojcka (2009), M. Marciniak (2009) etc., Lithuania – W.H. Meyers, N. Kazlauskienė, R. Naujokienė, I. Kriščiukaitienė (2006), E. Ribašauskienė, E. Kairyte, W.H. Meyers (2007), and Hungary – T. Mizik (2007).

Consequently the following research **aim** was set: to analyse the uptake of the EU Structural Funds in Zemgale region by priorities in comparison with aggregate indicators of Latvia for the period of 2004-2006.

The research **hypothesis**: the uptake of the EU Structural Funds financing in Zemgale region differs by target priorities.

The following **tasks** are advanced to achieve the set aim:

- 1) to summarise the information on regulatory enactments prescribing the introduction of the EU Structural Funds in Latvia;
- 2) to analyse the key priorities of the Structural Funds in Latvia for the period of 2004-2006;
- 3) to study indicators characterising the introduction of the SF in Zemgale region and compare these indicators with the aggregate indicators for Latvia;
- 4) to assess the operating efficiency of the EU Structural Funds.

The following methods were used for the purpose of the research: monographic, graphic, logically constructive, method of analysis and synthesis, method of deduction and induction, document analysis method, and methods of information grouping and structuring.

The information was analysed in compliance with NUTS III classification applied by the Central Statistical Bureau (CSB) of the Republic of Latvia thus dividing Latvia into 6 statistical regions – **Riga region** (covering the city of Riga), **Pierīga region** (Jūrmala, districts of Limbaži, Ogre, Riga, and Tukums), **Vidzeme region** (districts of Alūksne, Cēsis, Gulbene, Madona, Valka, and Valmiera), **Kurzeme region** (Liepāja, Ventspils and districts of Liepāja, Kuldīga, Saldus, Talsi, and Ventspils), **Zemgale region** (Jelgava, districts of Aizkraukle, Bauska, Dobele, Jelgava, and Jēkabpils), and **Latgale region** (Daugavpils, Rēzekne and districts of Balvi, Daugavpils, Krāslava, Ludza, Preiļi, and Rēzekne) (LR CSP -b, 2008).

The authors have also analysed studies of other researchers as well as regulatory enactments, planning documents concerning the introduction of the Structural Funds and institutional reports on the implementation of the SF projects in Latvia for the period of 2004-2006.

Results and discussion

1. Regulatory enactments for the implementation of the EU Structural Funds in Latvia

The Single Programming Document (SPD), which was designed as a programming document for the European Union Structural Funds

Objective 1 intervention in Latvia for programming period of 2004-2006 is the key document. Latvia is regarded as a single NUTS II region for this programming period. It means that the whole territory of Latvia was eligible for the Structural Funds support. The SPD envisaged four priorities of the EU Structural Funds, which were financed through four funds – European Regional Development Fund (ERDF), European Social Fund (ESF), European Agriculture Guarantee and Guidance Fund (EAGGF) – Guidance Part, and Financial Instrument for Fisheries Guidance (FIFG). In preparing the Single Programming Document Latvia has used the European Commission (EC) guidelines “The EU Structural Funds and their Coordination with the Cohesion Fund, Guidelines for Programmes in the Period 2000- 2006” as well as further indicative guidelines for the candidate countries. The SPD preparation process was marked by the principles of partnership, transparency, coherence, qualification, and additionality (VPD, 2003).

The analysis of Latvia’s economic performance had identified the key challenges for enhancement of the economic growth through the Structural Funds financing. The following mid-term objectives were devised:

- promotion of Competitiveness and Employment;
- development of Human Resources;
- development of Infrastructure (VPD, 2003).

The Programme Complement (PC) defined provisions for the implementation of the Structural Funds programme in Latvia for the period of 2004-2006. The document determined five main strategic priorities. Each priority outlined dedicated areas of investment or measures to facilitate the implementation of the SPD objectives. In addition there were horizontal themes concerned with the information society, sustainable and regional development, and equality. These themes were ensured through the project selection criteria to enhance the harmonisation of the PC with the overall EU development objectives (PP, 2004).

Several national regulatory enactments were passed to ensure the legal framework for the introduction of European Union Structural Funds and to provide the management of European Union Structural Funds in compliance with the Council Regulation (EC) No. 1260/1999 of June 21, 1999. The primary enactments were as follows:

- the Cabinet Regulations No. 500 adopted on September 2, 2003 “On the Institutional System of European Union Structural Funds Management, Monitoring, Control and Evaluation”. The regulations prescribe the following authorities for the management of Structural Funds: managing authority, paying authority, intermediary institutions, monitoring committee, and management committee as well as the regulations define the role of a beneficiary in the management of Structural Funds. The regulations determine three types for the introduction of Structural Funds – national programmes, aid schemes and open call projects;

- the Cabinet Order No. 573 adopted on September 10, 2003 "On Tasks for the Implementation of a System for the Management, Monitoring, Control and Evaluation of the European Union Structural Funds". The order determines the main tasks for the institutions and beneficiaries to ensure the implementation of a system for the management of the Structural Funds;
 - the Cabinet Regulations No. 727 adopted on December 16, 2003 "Procedures by which Funds in the State Budget for the Implementation of Projects Financed by Structural Funds of the European Union shall be Planned and by which Payments shall be Transferred" prescribe the procedures for planning of the EU co-financing in the state budget, planning of the state budget financing and advance financing for the use of the state budget resources;
 - the Cabinet Regulations No. 200 adopted on March 30, 2004 "Regulations Regarding Management of the European Union Structural Funds" prescribe the procedures for the EU Structural Funds management process, managing authority, paying authority, first level intermediary institutions, second level intermediary institutions, beneficiaries of the Structural Fund financing, monitoring and management committees as well as the rights and responsibilities of these persons and institutions. These regulations were in force up to July 1, 2006, when the law "Management of the European Union Structural Funds" became effective on January 1, 2006;
 - on December 8, 2005 the law "Management of the European Union Structural Funds" (effective from January 1, 2006) was passed to specify the management of the Structural Funds in order to promote the efficient and transparent introduction of the European Union funds in Latvia, which complies with the principles of financial management.
- Development of Information and Communication Technologies (10% of financing);
 - Development of Healthcare, Education and Social Infrastructure (15% of financing) (PP, 2004).

Priority 2 "Promotion of Enterprise and Innovation" (financed from the ERDF).

In order to raise competitiveness of the national economy, it was decided to implement a targeted innovation policy; it meant the development of knowledge intensive sectors of economy and production of high value added goods and services in traditional sectors. Innovations are vitally important in all sectors of economy (agriculture, industry, transport, tourism and others) as well as for all types of commercial companies (microenterprises, small and medium commercial companies, large and trans-national commercial companies). In the case of Latvia, where the sector of high technologies is only on the development stage, technological growth in the traditional sectors of economy becomes especially important for the development and use of innovations on a large-scale thus resulting in increase of competitiveness and growth of value added. The Priority measures and structure of financing was as follows:

- Support to Public Research and Promotion of Transition towards Use of Innovation and Technologies in Enterprises (15% of total financing under this priority);
- Business Infrastructure Development (45% of total financing);
- Enhancing Support Measures for Increase of Business Competitiveness (15% of total financing);
- Accessibility of Business Financing (25% of total financing).

To maximise crossover opportunities these measures were closely coordinated with the ESF support measures (training, education) and with the EAGGF support measures (rural development, diversification of agriculture) (PP, 2004).

Priority 3 "Development of Human Resources and Promotion of Employment", which was implemented through the ESF support measures.

In order to ensure relevance of the qualification of the labour force with the development tendencies of the labour market and development of the national economy, Latvia had prioritised human resource development and employment as key factors enhancing economic growth and labour market competitiveness. Employment and education policy as an integral part of human resource development has to contribute to increase in productivity, entrepreneurial activity and enhance competitiveness and employability. The Priority measures and structure of financing was as follows:

- Promotion of Employment (43% of total financing under this priority);
- Development of Education and Continuing Training (38% of total financing);
- Combating Social Exclusion (19% of total financing) (PP, 2004).

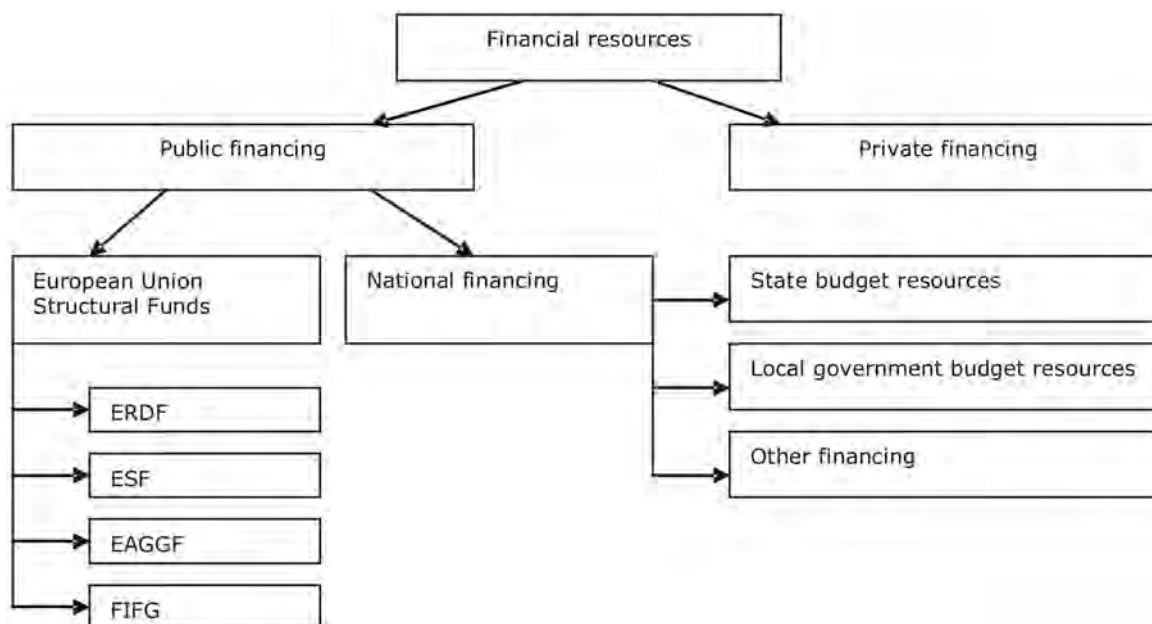
2. Priorities of the Structural Funds in Latvia for 2004-2006

The SPD Programme Complement defines 5 priorities, which display the main courses for the Structural Funds financing.

Priority 1 "Promotion of Territorial Cohesion" was implemented with the ERDF support.

This priority related primarily to the promotion of regional development. Its measures were aimed to raise the quality of life, improving the attractiveness of Latvia's regions, thus promoting balanced development of the whole territory of Latvia. The priority included four support measures with the respective structure of financing:

- Improvement of Environmental Infrastructure and Promotion of Tourism (29% of total financing under this priority);
- Development of Accessibility and Transport System (46% of financing);



Source: made by the authors according to the Cabinet Regulations of the Republic of Latvia No. 200, 2004

Figure 1. **Financial resources used in Latvia for the implementation of priorities, measures and activities included in the Programming Document for the period of 2004-2006**

Priority 4 “Promotion of Development of Rural Areas and Fisheries” using the financing from the EAGGF and the FIG.

Rural and agricultural development problems were solved through modernisation of agricultural production, improvement of soil, increase of competitive processing of agricultural products, establishment of new jobs, effective use of natural resources, activation of rural inhabitants, and inclusion of young persons in agricultural production. Another part of priority was focused on sustainable utilisation of fish resources available to Latvia allowing the catch of sea and inland fish resources to produce high value added fish products which would be competitive on the local and international market as well as create opportunities for the acquisition of new market outlets.

In respect to the Common Agricultural Policy and the EU Forestry Policy the priority envisaged the following support measures and structure of financing:

- Investments in Agricultural Holdings (19% of total financing under this priority);
- Support to Setting Up of New Farmers (4% of total financing);
- Improvement of Processing and Marketing of Agricultural Products (17% of total financing);
- Promotion of Adaptation and Development of Rural Areas (29% of total financing);
- Forestry Development (6% of total financing);
- Development of Local Action (LEADER+ Type Measure) (2% of total financing);
- Training (2% of total financing).

In respect to the Common Fisheries Policy the priority envisaged the following support measures:

- Adjustment of Fishing Effort (6% of total financing);

- Fleet Renewal and Modernisation of Fishing Vessels (3% of total financing);
- Development of Processing and Marketing of Fishery and Aquaculture Products, Fishing Port Facilities Aquaculture (8% of total financing);
- Development of Coastal Fisheries, Socio-economic Measures, Promotion of New Market Outlets and Temporary Fishing Support (4% of total financing) (PP, 2004).

Priority 5 “Technical Assistance”

For successful implementation of the assistance provided by the EU Structural Funds to Latvia, it is vitally important to strengthen the administrative capacity of Latvian institutions involved in the EU Structural Funds process management. Hence the following priority measures were defined:

- Support for Programme Management (ERDF), (60% of total financing under this priority);
- Other Technical Assistance Costs (ERDF), (27% of total financing);
- Support for Programme Management (ESF), (7% of total financing);
- Other Technical Assistance Costs of ESF (ESF), (3% of total financing);
- Support for Programme Management of EAGGF (EAGGF), (2% of total financing);
- Other Technical Assistance Costs of EAGGF (EAGGF), (1% of total financing) (PP, 2004).

3. Main results of the Structural Funds implementation in Latvia and Zemgale region

The authors have analysed the financing attracted through the EU Structural Funds in Latvia and Zemgale region; however the analysis covers only the part of public financing (Figure 1).

Table 1

Analysis of the EU Structural Funds public financing and projects in Zemgale region and Latvia as of the beginning of 2009

Indicators	Priority 1	Priority 2	Priority 3	Priority 4	Priority 5	Total by all priorities
Total SF financing:						
Latvia (thou. LVL)	157 354	119 359	90 038	83 864	11 971	462 587
Structure of financing in Latvia (%)	34	26	19	18	3	100
Zemgale (thou. LVL)	11 184	17 792	9 779	10 547	181 385	49 484
Zemgale vs. Latvia (%)	7	15	11	13	2	11
Structure of financing in Zemgale (%)	23	36	20	21	0.4	100
Number of projects:						
Latvia	421	1 901	1362	3 765	122	7 571
Structure of the number of projects in Latvia (%)	6	25	18	50	2	100
Zemgale	56	170	167	542	12	947
Zemgale vs. Latvia (%)	13	9	12	14	10	13
Structure of the number of projects in Zemgale (%)	6	18	18	57	1	100
Average scale of projects:						
Latvia (LVL)	373 763	62 787	66 107	22 275	98 128	61 100
Zemgale (LVL)	199 721	104 661	58 560	19 459	15 115	52 254
Average scale of projects in Zemgale vs. Latvia (%)	53	167	89	87	15	86

Source: authors' calculations according to the data of LAD, LGA, CFLA, SPP, LHZB, LIAA, SIF, IZM, VRAA, VIAA, ZPR, 2009

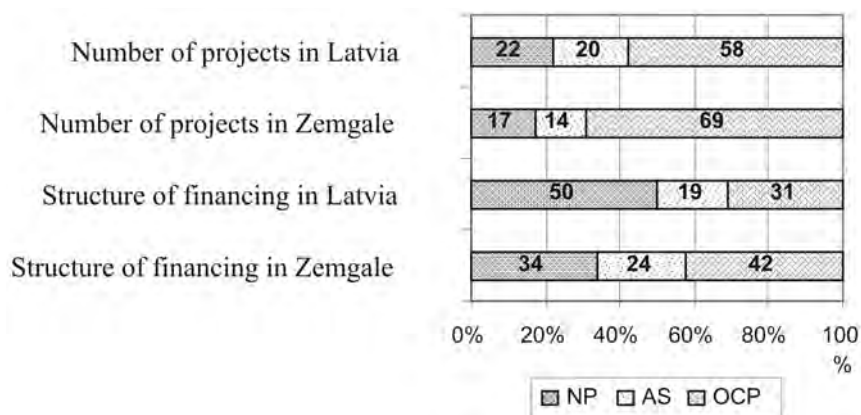
The summary and analysis of data on the results of the SF implementation by different priorities for the period of 2004-2006 available from different governmental institutions engaged in the introduction of Structural Funds, namely, Central Finance and Contracting Agency (CFLA), State Education Development Agency (VIAA), Zemgale Planning Region (ZPR), Society Integration Foundation (SIF), Rural Support Service (LAD), Latvia Mortgage and Land Bank (LHZB), Latvia Guarantee Agency (LGA), Investment and Development Agency of Latvia (LIAA), State Regional Development Agency (VRAA), Ministry of Education and Science (IZM), Social Services Administration (SPP), and State Employment Agency (NVA) lead to the conclusion that Latvia at the beginning of 2009 has uptaken LVL 462 million of the SF public financing (Table 1).

The analysis of information included into Table 1 on the implementation results of the EU Structural Funds in Latvia and Zemgale region allows drawing several conclusions:

- the largest share of public financing in Latvia has been attracted through Priority 1-34%, followed by Priority 2-26%. The amount of financing attracted through Priority 3 equals to 19% of total financing for Latvia, while the smallest share of public financing has been

attracted through Priority 4 covering two large sectors: agriculture and fishery – 18%, excluding technical assistance (Priority 5);

- the structure of the EU SF public financing in Zemgale region differs from general indicators of Latvia. In Zemgale the largest share of financing has been attracted through Priority 2-10% more compared with Latvia, while the financing through Priority 4 accounts for 21% of total SF financing, thus being by 3% more than in Latvia on average;
- in general only 11% of total SF public financing available to Latvia have been uptaken in Zemgale region. The largest uptaking of public financing has been observed through Priority 2-15%, followed by Priority 4-13%, while the smallest financing has been uptaken through Priority 1-7% of total SF public financing uptaken in Latvia;
- totally 7571 projects have been implemented in Latvia through the Structural Funds financing for the period of 2004-2006, of which 947 projects or 13% have been implemented in Zemgale region;
- the largest number of projects in Latvia has been implemented in Priority 4-50% of total number of projects. The number of projects implemented in Priority 4 exceeds the number



Source: authors' calculations according to the data of LAD, LGA, CFLA, SPP, LHZB, LIAA, SIF, IZM, VRAA, VIAA, ZPR, 2009

Figure 2. **Structure of number by project types and financing implemented under the Structural Funds in Zemgale region and Latvia as of the beginning of 2009**

- of projects implemented in Priority 2 and Priority 1 two and nine times respectively;
- the structure of number of projects by priorities in Zemgale region is similar to the general structure in Latvia; where projects implemented in Priority 4 govern, thus equalling to 57% of total number, yet smaller share of implemented projects is observed in Priority 1, only 6% compared with the average figures of Latvia;
- in Latvia the largest by scale projects are implemented in Priority 1, while the smallest by scale projects are implemented in Priority 4. In Zemgale region the situation complies with the average figures of Latvia. The largest differences in the scale of projects between Zemgale and Latvia are observed in Priority 2. In Zemgale region the scale of implemented projects almost 1.6 times exceeds the scale of projects implemented in Latvia in the same priority. Total scale of projects implemented in all priorities is by 14% smaller than in Latvia on average.

The SPD Complement prescribes different types of projects for the achievement of set priority targets:

- national programmes (NP) – programmes developed by a respective ministry, which include already established projects. State and municipal institutions are beneficiaries of the SF financing under the National programmes;
- aid schemes (AS) – final beneficiary is a certain institution, for example, Investment and Development Agency of Latvia, which allocates financing to implementers of aid schemes, for example, an entrepreneur;
- open call projects (OCP) – are implemented so that calls for applications are announced and all the possible applicants whose projects are eligible for support may submit their applications.

The structure of number by project types and financing implemented under the Structural Funds in Latvia for the period of 2004-2006 is shown in Figure 2.

According to the data of Figure 2, the authors have concluded that:

- in Latvia 58% of all projects are implemented as open call projects with 31% of public financing. Twenty-two per cent of total number of projects is implemented through the national programmes and here the largest amount of public financing equalling to 50% has been attracted. Aid schemes account for 20% of implemented projects which corresponds to only 19% of public financing;
- the structure of number of projects implemented in Zemgale region differs from the respective structure of Latvia, since the share of national projects and aid schemes is smaller in the total structure of projects; however here the share of projects implemented as open call projects is larger compared with the average indicators of Latvia. Also the structure of financing differs in Zemgale region – 42% of total public financing from the EU Structural Funds have been attracted in open call for projects, which by 11% exceeds the total indicator of Latvia in the mentioned group of project types, public financing attracted through national programmes and aid schemes accounts for 34% and 24% respectively.

4. Operating efficiency of the EU Structural Funds by priorities

Three main indicators are used for the assessment of the operating efficiency of the EU Structural Funds financing by priorities for the period of 2004-2006, i.e. financing attracted by a respective priority and total public financing attracted in Latvia and Zemgale:

- per 1000 inhabitants;
- per 1000 economically active enterprises;
- per 1000 LVL of GDP.

The calculations are included into Table 2.

In 2008 total population of Zemgale region equalled to 283 480 inhabitants or 12.5% of total Latvia population. In 2007 the number of registered enterprises in Zemgale region totalled to 14 224 enterprises or 11% of total number of enterprises in Latvia. In 2006 Zemgale region generated LVL 805 037 thousand of GDP or 7.2% of total GDP generated in Latvia (authors' calculation

Table 2

Assessment of the EU SF public financing by priorities in Latvia and Zemgale for the period of 2004-2006 as of the beginning of 2009

Position/ Indicators	Priority 1	Priority 2	Priority 3	Priority 4	Priority 5	Total by all priorities
Per 1000 inhabitants (LVL) *:						
Latvia	69 292	52 560	39 649	36 930	5 272	203 703
Zemgale	39 454	62 764	34 498	37 206	640	174 562
Zemgale vs. Latvia (%)	57	119	87	101	12	86
Per 1000 enterprises (thou. LVL) **: 						
Latvia	1 219	925	698	650	92	3 586
Zemgale	786	1 250	687	741	12	3 478
Zemgale vs. Latvia (%)	64	135	98	114	14	97
Per 1000 LVL of GDP (LVL) ***: 						
Latvia	14 085	10 684	8 060	7 507	1 072	41 407
Zemgale	13 893	22 101	12 148	13 101	225	61 469
Zemgale vs. Latvia (%)	99	207	151	175	21	148

* in 2008, ** in 2007, *** in 2006

Source: authors' calculations according to the data of LAD, LGA, CFLA, SPP, LHZB, LIAA, SIF, IZM, VRAA, VIAA, ZPR, 2009 and CSP-a, 2009

according to CSP-b, 2009). The comparison of the share of main indicators in Zemgale region with the structure and number of projects under the SF public financing (Section 3) shows that:

- the share of SF public financing (11%) in Zemgale complies with the share of number of enterprises in total structure of Latvia; however in Zemgale this indicator exceeds the share of GDP in a region by 3.8%;
- the comparison of SF public financing efficiency indicators leads to the conclusion that in Zemgale region it exceeds the aggregate indicator of Latvia by 48% calculating per LVL 1000 of GDP. The figure on 1000 enterprises is by 3% smaller than the aggregate indicator of Latvia, and it is by 14% smaller than the aggregate indicator of Latvia if calculated per 1000 inhabitants;
- the efficiency indicators for attracting the SF public financing in Zemgale region are the highest ones for Priority 2, Priority 3, and Priority 4, since efficiency indicators in these priorities exceed the average Latvia indicators in respective priorities by 25-100%.

Conclusions

1. Regulatory enactments of several levels were adopted for the introduction of the EU Structural Funds. The main planning documents were as follows: Latvia Development Plan for 2004-2006 or the Single Programming Document and the Programme Complement. Besides several Cabinet Regulations and the law "Management

of the European Union Structural Funds" was adopted on December 8, 2005, i.e. in the middle of the planning period.

2. The Programme Complement of Latvia Development Plan set forward 5 priorities through which the envisaged targets were achieved in the planning period of 2004-2006. Four EU Structural Funds were used for implementation of the priorities.
3. Public financing is a significant indicator in uptaking the EU SF financing and characterising the attraction of the EU and national financing for project implementation.
4. The EU SF financing was uptaken through the implementation of 3 different project types. In Latvia 58% of implemented projects were introduced as a result of open call for projects, 22% – as aid schemes projects, and 20% – as national programmes.
5. At the beginning of 2009 total public financing uptaken in Latvia equalled to LVL 462 million, while in Zemgale region the respective figure was LVL 49.4 million or 11% of total financing. In Latvia the largest share of financing has been channelled for the achievement of Priority 1 targets, in Zemgale – for the achievement of Priority 2 targets.
6. In Latvia 7571 projects financed from the Structural Funds have been implemented between 2004 and 2006, of which 947 projects or 13% have been implemented in Zemgale region. The largest number of projects has been implemented in Priority 4-50% of projects were

implemented in Latvia and 57% – in Zemgale of total number of projects.

- The authors have assessed the SF public financing per 1000 inhabitants, 1000 economically active enterprises, and LVL of GDP both in Latvia and Zemgale region. The indicators of Zemgale region lag behind the total indicators of Latvia in the first two positions, though it exceeds total indicators of Latvia in the third position.

Proposals

To equalise regional disparities, state institutions of Latvia shall envisage an even allocation of resources by regions, including Zemgale region for the planning period of 2007-2013, in compliance with the subsidiarity principles, especial attention drawing to:

- promotion of sustainable development, so in Zemgale region the amount of available financing per 1000 inhabitants and enterprises increases and reaches the average indicators of Latvia in a respective priority, thus creating qualitative and attractive space of living for population and business entities;
- promotion of human resource development and employment, so the amount of financing per 1000 inhabitants and enterprises increases up to the average level of Latvia, thus enhancing a long-term GDP growth in a region.

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