LATVIA

Overview

|  |  |
| --- | --- |
| Population and territory | 1 875 757 (early 2022) and 64 589 km² |
| Administrative structure *(unitary/federal)* | Unitary |
| Regional or state-level governments *(number)* | 5 |
| Intermediate-level governments *(number)* | 0 |
| Municipal-level governments *(number)* | 43 |
| Share of subnational government in total expenditure/revenues (2021) | 24.5% of total expenditure  28.5% of total revenues  [Source: [Subnational governments in OECD countries: key data, 2023 edition](https://stats.oecd.org/Index.aspx?DataSetCode=SNGF)] |
| Key regional development challenges | Regional disparities |
| Objectives of regional policy | Regional policy aims at developing the potential of all regions and reducing socio-economic disparities by strengthening their internal and external competitiveness, as well as providing solutions tailored to the specificities of territories for development of population and quality living environment. |
| Legal/institutional framework for regional policy Ministry of Environmental Protection and Regional Development | Institution responsible for development and implementation of regional policy is Ministry of Environmental Protection and Regional Development. Municipalities and planning regions are involved in the elaboration and implementation of regional policy. |
| Budget allocated to regional development (i.e., amount) and fiscal equalisation mechanisms between jurisdictions (if any) | Proposal prepared by Ministry of Environmental Protection and Regional Development envisage provision of EU funding of 2021-2027 planning period amounting to 1 021 909 159 Euros to measures to be implemented according to place-based approach. Amount of funding can be altered in the coordination process with sectoral ministries.  FISCAL EQUALISATION MECHANISMS BETWEEN JURISDICTIONS  In 2023, local governments are provided with an increase in equalized revenues by 15.2% on average. The total amount of the local government financial equalization fund, comparing to 2022, has increased by 15.6% or 33.2 million euros. No municipality has a reduction in equalized revenues comparing to previous year.   * The purpose of the local government equalization is, taking into consideration the socioeconomic differences between local governments, to create similar possibilities for local governments to perform their functions laid down in law, as well as to promote their initiative and independence in the creation of their financial resources. * Revenue of the equalisation fund shall consist of the local government payments specified as a result of calculation of the equalisation of local government finances and of the State budget grant. * The assessed revenue of each local government and the criteria characterising local government expenditure shall be used for calculating the equalisation of local government finances. * The assessed revenue of a local government consist of the revenue from the immovable property tax forecasted by local government, and the share of the allocation of the revenue from the personal income tax determined for the budgets of local governments in the Annual State Budget Law. * The number of equalising units are used for calculating the equalisation of local government finances which includes information regarding local government expenditure related to the criteria characterising local government expenditure. The calculated number of equalising units for each local government include demographic and territorial differences of the particular local government. * Calculation of the equalisation of local government finances shall be performed, taking into account the following principles: * a local government whose assessed revenue per one equalising unit is smaller than the average assessed revenue per one equalising unit in local governments in total receives a grant from the equalisation fund which is 60 percent of the difference between the average assessed revenues and the assessed revenues in a particular municipality per one equalising unit . * local government whose assessed revenue per one equalising unit is larger than the average assessed revenue per one equalising unit in local governments in total makes a payment into the equalisation fund which is 60 percent of the difference between the average assessed revenues and the assessed revenues in a particular municipality per one equalising unit . * the difference between the assessed revenue of a local government per one equalising unit and the assessed revenue of the local government per one equalising unit which has the largest revenue shall be reduced proportionally by means of the State budget grant. * As a result of the equalisation of local government finances the equalised revenue of a local government shall consist of the assessed revenue of the local government reduced by the calculated payment into the equalisation fund or increased by the calculated grant from the equalisation fund. |
| National regional development policy framework | Regional policy is defined in regional policy strategy document Regional Policy Guidelines 2021-2027. |
| Urban policy framework | Urban policy is part of regional policy, there are no separate documents for urban policy. |
| Rural policy framework | Rural policy is part of regional policy, described in Regional Policy Guidelines 2021-2027.  Additionally, rural policy is included in:   * CAP Strategic Plan 2023-2027 (Ministry of Agriculture) * Programme for Fisheries Development 2021-2027 * Local area development strategies prepared by Local action groups |
| Major regional policy tools (e.g., funds, plans, policy initiatives, institutional agreements, etc.) | Regional policy includes measures co-financed by funds of European Union Cohesion policy. |
| Policy co-ordination tools at national level | Regional Policy Guidelines 2021-2027 were discussed with sectoral ministries, planning regions and municipalities. Ministry of Environmental Protection and Regional Development cooperates with other ministries concerning regional policy issues. |
| Multi-level governance mechanisms between national and subnational levels (e.g., institutional agreements, Committees, etc.) |  |
| Policy co-ordination tools at regional level | Planning regions are involved in the elaboration and implementation of regional policy |
| Evaluation and monitoring tools | There are indicators defined in Regional Policy Guidelines 2021-2027 |
| Future orientations of regional policy | Regional Policy Guidelines 2021-2027 specify regional policy activities until 2027. |

Recent policy developments

Currently, rules are being elaborated to implement EU Cohesion Policy measures for territorial development, according to the Regional Policy Guidelines 2021-2027.