

# **Resources and opportunities in regional economic development**

**EU's assistance to Latvia &  
Danish regional development example**

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## EU's financial resources- 2013

**In the EU budget for 2013 – about 158, 5 bln €-** funds for the European integration efforts are divided in the following manner (in bln €):

- for **regional development – about 50 bln;**
- for **agriculture, rural development and farmer's support – 42 bln;**
- for the broad sector of R&D, education, TEN-T and support for SMEs – **about 26 bln;**
- for the **environment protection & fisheries – 15,5 bln;**
  - for “EU in the world” and external trade – **15, 8 bln;**
- for border control, criminal assistance and legal issues – **3,6 bln;**
  - for EU's administration – **4,5 bln**

# Financial priorities for 2014-20

The following are the commitment appropriations for the EU budget (**2014-20**, in %):

- **Cohesion: about 34** (from 37% in previous 7-years budget);
- **Agriculture & fisheries: about 29** (from 27% before) ; CAP received a total of € 361,5 bln over previous 7 years which makes it more than € 50 bln per year or over 40%; by 2020 the CAP budget will only represent 1/3 of the EU budget.
- **Competitiveness: 13,1** (from 11% before); spending on research and competitiveness are increasing in the EU budget.
- **Rural development and environment: almost unchanged – about 10;**
  - EU as a global player: from 7 to 6,1;
  - Administration: from 6 to 6,4;
  - Security & citizenship: from 2 to 1,6.

# Latvian position in the EU financial support

Latvia's share in the EU budget is about 220-250 mln lats yearly; at the same time through various funds and supports, it gets back around 500-600 bln lats/year.

**It estimated that Latvia is getting about 4,7 bln € in the period 2007-2013.** These amounts are distributed among the following directions:

- **Infrastructure development (roads, tourism, nature & environment protection, culture and energy - 38,4%;**
- **Human resources (education, training, health, social security) – 32, 5 %;**
- **Structural reforms, competitiveness, innovations – 29 %.**

## EU regional policy: information sources

Information for the regional development in Europe:

- In the European Parliament: **Committee on Regional Development, REGI**

Website: <http://www.europarl.europa.eu/regio>;

- **Committee of the Regions:**

Website: <http://www.cor.europa.eu>;

- **European Economic and Social Committee (ECO section):**

Website: [www.eesc.europa.eu/sections/eco/index\\_en.asp](http://www.eesc.europa.eu/sections/eco/index_en.asp)

- **Eurostat-regional statistics and NUTs:**

Website: [www.epp.eurostat.ec.europa.eu](http://www.epp.eurostat.ec.europa.eu);

- **European Investment Bank:**

Website: [www.eib.org](http://www.eib.org)

## EU regional policy: funds and projects

- Main purpose of the EU regional policy is to strengthen economic, social and territorial cohesion by reducing disparities in the level of development among regions and the EU member states.
- So, any project from the regions must show intentions and local investments (often, potential) into **promotion of local competitiveness of regional economies** to catch-up with more prosperous regions (hence, recommended cooperation with one of such regions).
  - **From cohesion funds** two main development directions are financed: **transport and environment**; this is for the member states which GDP is less than 75-90% of the EU average (all Baltic States are within these limits).

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## Other sources: European regions' and cities' organisations:

- Council of Europe – Congress of local and regional authorities:

[http://www.coe.int/t/congress/default\\_en.asp](http://www.coe.int/t/congress/default_en.asp)

- Association of European Regions, AER:

<http://www.a-e-r.org>

- Association of European Border Regions, AEBR:

<http://www.aebr.net>

- Conference of Peripheral and Maritime Regions, CPMR:

<http://www.cprm.org>

- Eurocities: <http://www.eurocities.org>

## European regional objectives

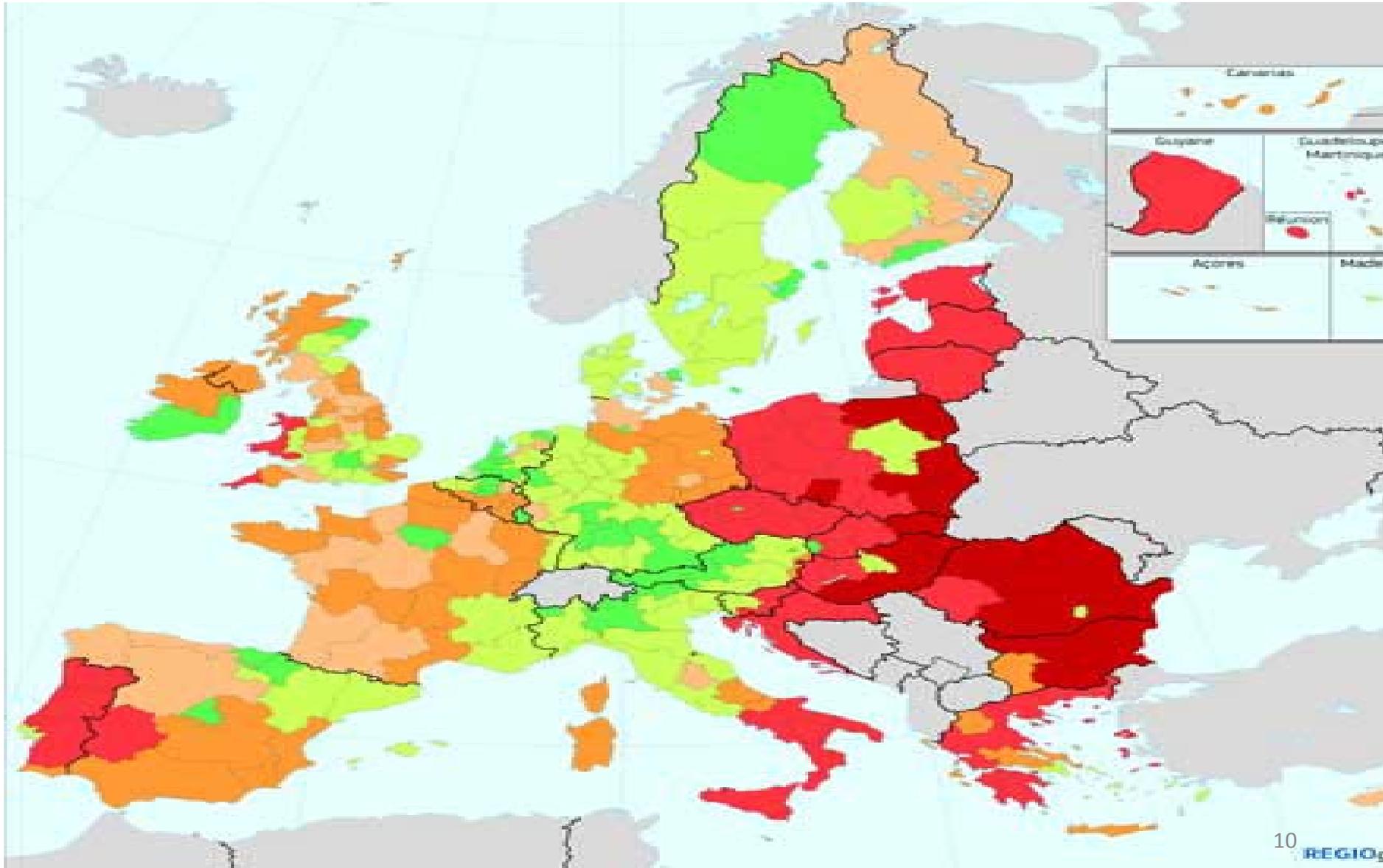
Three EU funds are corresponding to **three European objectives**:

- - **convergence is covered by all 3 funds**: a) ERDF, b) ESF, and c) Cohesion Fund;
- - **regional competitiveness & employment** –by two funds: a) ERDF, and b) ESF;
- - **European territorial cooperation** – by one fund - ERDF.

For example, **Cohesion Fund** supports, generally, transport and environment sectors.

Art. 4, p.2: **Economic, social & territorial cohesion** –shared competence.

Regional disparities among EU-27: red & deep red colors are the states with 50-75% below EU's average.



## R&D and innovation funding

- The European Union possesses **five key funding opportunities to support research and innovation**:
  - **Research Framework Program** (presently FP-7);
    - **Competitiveness and Innovation** Framework Program;
  - **Structural Funds and the Cohesion Fund** within the Cohesion policy;
  - **European Agricultural Fund for Rural Development** and
    - **European Fisheries Fund** within the rural development policy and the Common Fisheries Policy.

# Main Commissioners responsible for funds



# Regional support and funds

## Objectives, Structural Funds and instruments 2007-2013

Objectives	Structural Funds and instruments		
Convergence	ERDF	ESF	Cohesion Fund
Regional Competitiveness and Employment	ERDF	ESF	
European Territorial Cooperation	ERDF		

## Three funds' financial sources distribution for Latvia

- Cohesion fund -1,5 bln €, convergence – 3,0 bln €, territorial cooperation - 0,9 bln €;

- **Total for Latvia – 4,6 bln €;**

(for Lithuania – 6,9 bln €; for Estonia – 3,4 bln €)

- During 2007-13, the EU Cohesion funds are getting 35,7% of the total EU budget, or about 347 bln €.

- They are divided among 3 aims (cohesion priorities): **convergence** (81 %), **competitiveness & employment** (16%) and **territorial cooperation** - 2,5%.

- More information on:

[http://ec.europa.eu/regional\\_policy/funds](http://ec.europa.eu/regional_policy/funds)

## Three R&D spheres are supported through the EU funds

- **Research & innovative products/services** – are the European and member states' priority:
- In the latest call for research projects, 44% of the applicants were selected in the following sectors:
- **“Physical Sciences and Engineering” (44%), “Life Sciences” (38%) and “Social Sciences and Humanities” (18%).**

## EU-2020 Strategy and Growth Agenda: 4 regional priorities

- **Smart Growth – SME Innovation:** supporting the competitiveness and growth of small and medium sized business;
- **Sustainable Growth - Green growth and jobs through bio-economy:** sustainable investments in the bio-economy sector;
- **Inclusive Growth - Creating jobs for the younger generation:** helping to fight youth unemployment; and
- **Investment projects in sustainable urban public transport (CityStar):** supporting the development of strategies address transport issues in our cities.

## LV's nine priorities for 2014-20

### According to the Finance Ministry's "Growth and Employment" program, the priorities include:

- research, technological development and innovations;
- increasing public awareness of the rights of EU citizens;
  - raising small and medium-sized companies' competitiveness;
- green economy: transition to development with sectors emitting less carbon dioxide;
- environmental protection and efficient use of natural resources;
  - sustainable transport development;
- employment, labor mobility and social inclusion;
  - education, skills and lifelong education;
    - urban environment sector.

## Danish Regional development example

- There are **98 commune in DK** of 5,4 mln people (before 2006, there were about 200) “united” in 5 regions (14 regions before);
- One of the commune/municipality –Allerod with **23,5 thousand citizens** and **67,4 sq. km** territory;
- It is part of **Frederiksborg Amt** (region) consisted of 10 municipalities (Allerod is one of them);

## Allerod Commune/municipality

- **Financial background**: budget about 1,1 bln DKK, which is a result of local tax – 24 %, general income taxes -20 % (incl. personal and corporate) and 8% “regional tax”; max tax -60%, min.-8%;
- **Management**: about 2 thousand people work in the commune: all of them are unpaid civil servants!
- **21 member’s council** (elected for 4 years), which administers 6-7 main development sectors: education- schools & library, health- elderly and disabled, infrastructure – roads; renovation...
- So-called “own construction” budget –about 60-70 mln DKK;

## A place good to live in...

- The commune is not far from the capital – Copenhagen: about 30 min by train to the center;
- There are all facilities for sound & healthy life: green, protective environment, good infrastructure (roads and biking), schools and facilities for elderly...;
- Hence, good and educated human resources: SMEs are willing to move to the place: source for revenues...
- Budget is mainly distributed for the betterment of social conditions...