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Zemgale Planning
Region

REGIONAL ANALYSIS

COMMUNICATION OF PUBLIC ADMINISTRATION WITH SMEs IN ZEMGALE PLANNING REGION, LATVIA TO PROMOTE BUSINESS PARTICIPATION IN PUBLIC CALLS AND PROJECTS

Research client: Zemgale Planning Region

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The study was completed in February 2024.

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The development of the study has included information obtained from both primary and secondary sources of information. As part of the research, InnoMatrix takes responsibility for evaluating data quality and using it in the analysis, by selecting the necessary data and excluding possible inappropriate observations and data from the analyzed data set as a result of insufficient data quality. During the quality check of the received data, data availability limitations related to statistically missing observations have been identified, which have been indicated or compensated accordingly using statistical methods.

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Terms and definitions

Due date	Definition
ZPR	Zemgale Planning Region
FDI	Foreign direct investment
GDP	Gross domestic product
SMEs	Small and medium enterprises
Research	Conducting a regional analysis of the public administration's communication with small and medium-sized enterprises in the Zemgale planning region/ID no. ZPR No. 102/1-14.2/2023
DESI	Digital Economy and Society Index
LIAA	Latvian Investment and Development Agency
DESI index	"DESI" or "Digital Economy and Society Index" is an indicator that measures the progress of European Union member states in digital competitiveness. This index tracks the evolution of digital competitiveness of EU countries by examining five main dimensions: connectivity, digital skills of human capital, use of Internet services by citizens, integration of digital technologies by companies, digital public media.
VARAM	Ministry of Environmental Protection and Regional Development
LAD	Rural support service
ZM	The Ministry of Agriculture
EM	Ministry of Economics
SWOT	SWOT analysis is a strategic planning technique used to help an organization identify strengths, weaknesses, opportunities, and threats related to competition or project planning. This method is particularly useful in decision-making and planning processes.
CAGR	CAGR, or compound annual growth rate, is a measure used to calculate the average annual growth rate over a period of time longer than one year. It is one of the most accurate ways to calculate and determine the return on objects, the value of which can increase or decrease over time. CAGR equalizes the growth rate of an investment as if it had grown steadily each year.
The added value	Added value refers to the increase in value that a product or service acquires during the production process. It is the difference between the cost of raw materials and the price at which the finished product or service is sold. Value-added assessment highlights how the production process increases the value of raw materials by turning them into something more valuable to the consumer. Added value can come from factors such as brand, design, quality, convenience or innovation.
Smart specialization	Smart specialization in the context of regional development refers to a strategic approach focused on investing in key areas of competitiveness and innovation potential in the region. It emphasizes the identification and support of unique regional assets, economic sectors or technology areas where the region has a competitive advantage or growth potential. Smart specialization aims to promote economic growth, innovation and job creation by concentrating resources in these specific areas rather than dispersing investment across sectors. This approach often involves close collaboration between public, private, academic and other stakeholders to create a focused and efficient ecosystem that promotes innovation and sustainable development in the region.

Summary of the study

The study "Regional analysis of public administration communication with small and medium-sized enterprises in the Zemgale planning region" was carried out under the Interreg Europe program 2021-2027 project no. 01C0183 "Innovating communication targeted to SMEs" within InnoCom. Its purpose is to develop a Regional Analysis on the communication of the public administration with small and medium-sized enterprises (SMEs) in the Zemgale Planning Region in order to promote the participation of entrepreneurs in public calls and projects. The general purpose of the study is to promote the participation of entrepreneurs in open calls and projects by identifying weak points, good practices, etc. in public administration communication with SMEs.

The research carried out the following tasks: (1) analyzed the situation, communication tools and approaches used by public/public organizations to disseminate information to entrepreneurs and involve them in public calls/competitions/grants/projects, including SWOT analysis, and collecting examples of good practice; (2) identified weak points and obstacles in communication between public authorities and entrepreneurs in relation to where public strategies and/or policies are lacking, as well as identified areas for improvement and possible solutions; (3) conscious shortcomings and characteristics of existing policy instruments and administrative instruments, simplification of procedures and services, improvement of communication and relations between the state administration and SMEs.

The regional analysis is the basic document and the main source of information for *Peer reviews* conducted by other partner countries and provides an idea of the current situation in Latvia.

The analysis was carried out in accordance with the methodology developed by the University of Latvia "*Methodology. Regional analysis. communication of public administration with SMEs in Zemgale planning region, Latvia to promote business participation in public calls and projects*".

The analysis includes information on the economic development of the Zemgale Planning Region (ZPR), entrepreneurship and digitalization, digital economy and society, governance and legal regulation, main institutions and their roles, characteristics of policy instruments and their roles. Cooperation and communication with business organizations and SMEs, main administrative tools and methods, and access to financing were evaluated, as well as the main stakeholders of the Zemgale Planning Region were analyzed and examples of good practice were evaluated. SWOT analysis was carried out in the study, identifying the existing gaps, obstacles and areas that need to be improved.

The economic situation in the region largely resonates with the overall situation in the country, where the unemployment rate in Latvia decreased from 10.4% in 2017 to 7.3% in 2022, indicating the improvement of the labor market, which can continue by using skills development programs and harmonizing labor market needs with education and training for the workforce. Latvia's GDP growth rate fluctuated between 2017 and 2023, indicating instability in the economy, with a sharp decline in 2020 and recovery in the following years. The number of small businesses (1-9 employees) in Latvia decreased by 22.2% in the period from 2017 to 2022, indicating that small businesses are experiencing problems that affect employment and the diversity of the economy. The number of economically active companies in Zemgale was relatively stable, with a slight increase of 2% from 2017 to 2021, indicating a more stable economic environment compared to the national trend. The decrease in foreign direct investment (FDI) per 1,000 inhabitants from 2017 to 2019 indicates a decrease in foreign investment interest, which affects economic growth. The constant population decline is the main problem of the region. Fluctuations in funding of EU fund projects show the need to use the funds effectively, aligning them with the country's development priorities and ensuring sustainability. The largest number of employees were employed in the **construction industry** - 16.3% of all employees employed in companies in the Zemgale Planning Region. On the other hand, 16% of employees are employed in the **agricultural sector**, 11% in the **industrial sector**, 9.3% in **trade**, 8.9% in the **forest sector**, and 8.2% in **medicine and pharmaceuticals**. As a result of the research, additional support for SMEs is recommended, including access to finance, business development services and access to the market, in order to reverse the trend of decreasing the number of active companies. It is recommended to increase

foreign investments in the region and create a favorable investment climate. Implement initiatives that promote higher birth rates or attract migrants, as well as make policy changes in the health and social fields. It is recommended to additionally stimulate the creation of jobs and improving living conditions can help reduce the rate of population decline. Improvement of administrative efficiency, training of project management and promotion of transparency of allocation of funds, which is one of the prerequisites for more efficient use of EU funds, are recommended. It is recommended to improve the ability to absorb and effectively use EU funds, including improving administrative efficiency and ensuring transparency.

Regarding the digital economy and society, it can be concluded that the intensity of Internet use of Latvian residents is average, which corresponds to the trend in neighboring Baltic states with a similar GDP level. **In the period from 2018, Latvia's DESI Index was higher than the EU average, however, in recent years, the growth of Latvia's indicators has slowed down and approached the EU average.** The proportion of ICT specialists is constantly increasing, and Latvia is slowly approaching the EU average. The country has a relatively good percentage of female ICT professionals, although growth has started to slow down. The DESI report highlights Latvia's performance in the field of access to telecommunications services, which is a prerequisite for achieving digital transformation. Latvia has a very strong broadband coverage (93%), which is well above the EU average (87%). **Latvia's DESI score has improved more slowly than most other EU countries.** In 2023, 91% of the population in Zemgale used the Internet, which indicates a high level of Internet use and accessibility in the region, as well as at least basic digital skills for the region's residents. It is significant that only 11% of the inhabitants of Zemgale are engaged in online sales of goods and services, which could indicate low activity in digital sales/purchase channels. **A much larger share of the population of Zemgale - 74.6% - regularly engages in social networks, which shows the importance and relevance of the specific communication channel, to include it in the communication strategy of companies and state institutions.** In 2023, 25.4% of Zemgale residents were involved in expressing their opinion on civic or political initiatives.

Regarding regional governance, it was concluded that in Latvia, financial support for SMEs is provided through a wide institutional network, which includes state agencies, municipalities and other support mechanisms. This indicates a complex structure in which support is available from different sources with different objectives. Although there are many support programs, insufficient availability of information and difficulty in accessing funding, especially outside of Riga and larger city centers, have been found. Support mechanisms are unevenly distributed across the country. The conclusions emphasize the need to improve the efficiency, accessibility, and transparency of the financial support system in order to promote business development and regional balance. **One of the main obstacles of companies in attracting public funding is the limited resource capacity of companies, therefore one of the action directions or tasks of the development program should be increasing and promoting the internal capacity of companies.** Companies need to offer financial or advisory support to overcome the lack of internal capacity. **ZPR is recommended to strengthen feedback mechanisms by obtaining systematic feedback from SMEs to continuously improve financing processes and adapt the regional development program to the changing needs of the business sector.** The problems of the companies' capacity are associated with the obstacle for companies to understand the often-complicated language of the public funding application, therefore it is recommended to introduce measures/training in the development program aimed at rational explanation of the application process. Considering the common European and Latvian trends in digitalization issues, ZPR is recommended to include more focused initiatives in the field of SME digitalization in the development program. The ZPR Development Program currently does not include specific directions of action in the field of improving communication with SMEs, therefore it is necessary to emphasize the importance of regular communication and systematic feedback. **In the ZPR Development Program, it is necessary to foresee the possibility of providing financial support to SMEs not only at the state or local government level, but also at the regional level, for the priorities updated in the ZPR Development Program.**

Regarding cooperation and communication with business organizations and SMEs, by analyzing the main administrative instruments and methods and access to finance, the evaluation examines in detail how to improve cooperation between state institutions and the business sector in order to promote SMEs' access to finance. **The main conclusions indicate the need for clearer communication, easier access to information about funding opportunities and simplification of support processes.** Emphasis is placed on the use of technology, such as the introduction of an electronic application system and proactive information dissemination, which promotes fair competition and the involvement of companies. It is aimed at creating more effective cooperation that supports economic development and innovation.

Regarding the existing assessment of business practices, a significant number of SMEs in the region have used EU and state regional funding, and many apply for state, regional or municipal support that is not related to EU funds. The survey shows that funding is needed to improve competitiveness, support innovation and help implement digitization and green initiatives. **The main reasons for not applying are lack of information about available funding, lack of knowledge and capacity, and the need for additional funding.** It is recommended to simplify the application procedures by streamlining the funding application processes in order to reduce the administrative burden and facilitate the application of SMEs. The main obstacles hindering access to public funding are user-unfriendly information sources, administrative intensity, complex application procedures and the complexity of information about EU tenders and funding. **Based on the analysis of the SME survey of the Zemgale region, the main recommendations are related to the need to improve the availability of information, including the development of more user-friendly platforms for disseminating information about available financing, emphasizing clarity and accessibility.** It is recommended to simplify the application procedures by streamlining the funding application processes in order to reduce the administrative burden and facilitate the application of SMEs. It is recommended to strengthen targeted financing initiatives, focus on creating financing opportunities specifically tailored to the needs of SMEs in the areas of innovation, digitalization and environmentally friendly projects. Strengthening the capacity of SMEs by offering training and support to SMEs to increase their ability to understand and access financing opportunities is recommended. It is recommended to strengthen feedback mechanisms by obtaining systematic feedback from SMEs in order to continuously improve financing processes and adapt to the changing needs of the business sector.

It can be concluded that one of the main obstacles of companies in attracting public funding is the limited resource capacity of companies, therefore one of the action directions or tasks of the development program should be increasing and promoting the internal capacity of companies. Companies need to offer financial or advisory support to overcome the lack of internal capacity. ZPR is recommended to strengthen feedback mechanisms by obtaining systematic feedback from SMEs to continuously improve financing processes and adapt the regional development program to the changing needs of the business sector. **The problems of the companies' capacity are associated with the obstacle for companies to understand the often complicated language of the public funding application, therefore it is recommended to introduce measures/training in the development program aimed at rational explanation of the application process.** Considering the common European and Latvian trends in digitalization issues, ZPR is recommended to include more focused initiatives in the field of SME digitalization in the development program. The ZPR Development Program currently does not include specific directions of action in the field of improving communication with SMEs, therefore it is necessary to emphasize the importance of regular communication and systematic feedback. In the ZPR Development Program, it is necessary to foresee the possibility of providing financial support to SMEs not only at the state or local government level, but also at the regional level, for the priorities updated in the ZPR Development Program.

1. Introduction

The Zemgale Planning Region (ZPR) is an institution under the supervision of the Ministry of Environmental Protection and Regional Development (VARAM), which represents one of the 5 planning regions of Latvia. It combines six municipalities, which after the regional reform "cover" 20 former counties and two large cities - Jelgava and Jēkabpils. Currently, the ZPR includes the state city - Jelgava, as well as the districts of Aizkraukle, Bauska, Dobele, Jelgava and Jēkabpils, among which there are three development centers of regional importance - Aizkraukle, Bauska and Dobele (see Figure 1.1), which in total make up an area of 10,733 km².

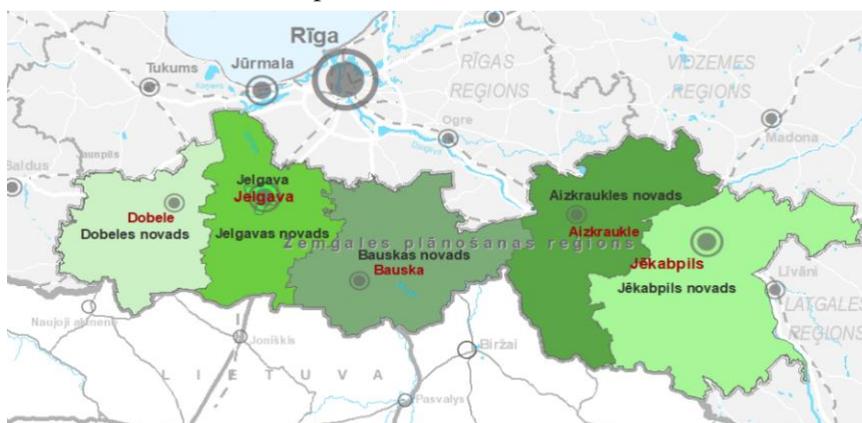


Figure 1.1. Map of the Zemgale Planning Region after July 1, 2021

Source: Zemgale planning region, 2020¹

The main functions of the Zemgale Planning Region include the evaluation and coordination of territorial plans of local municipalities, planning

and coordination of regional development, implementation of regional projects, provision of business support measures (Zemgale Business Support Center, ZUC), coordination of remigration, coordination of cooperation between municipalities and state institutions, as well as regional public transport management.

ZPR is responsible for the development and implementation of the region's Sustainable Development Strategy (2015-2030) and Regional Development Program (2021-2027). The sustainable development strategy and development program of the Zemgale Planning Region are regional policy development planning documents that serve as guidelines for the implementation of regional development planning documents and the development of regional local development planning documents. The development program of the Zemgale planning region for 2021-2027 is a medium-term strategic document of the Zemgale planning region, developed for the period from 2021 to 2027. With the help of the project, the Zemgale planning region wants to specify and supplement or change the measures and/or tasks of the Regional Development Program (2021-2027) of the policy instrument of the region, as well as collect data, experience and good practices.

Agriculture plays a key role in the Zemgale Planning Region, given its fertile plains. The economy of Zemgale is diverse, and its development is supported by sectors such as agriculture, manufacturing and services. Specific areas of a region may have distinct economic advantages or industries such as agriculture or light manufacturing that make up the economic landscape. Zemgale boasts cultural and historical objects that reflect its past, including castles, churches and traditional villages. The region's natural heritage includes rivers, forests and parks, offering residents and visitors alike an insight into its cultural and environmental richness.

The main purpose of the regional analysis is to analyze the situation, communication tools and approaches used by public/public organizations to disseminate information to entrepreneurs and involve them in public calls/tenders/grants/projects, including SWOT analysis, and collecting examples of good practice. Likewise, the aim of the study is also to recognize weak points and obstacles in communication between public authorities and entrepreneurs in relation to where there is a lack of public strategies and/or policies, as well as areas for improvement and possible solutions. As well as to identify the shortcomings and characteristics of existing policy instruments and administrative instruments, areas of simplification of procedures and services, improvement of communication and relations between the state administration and SMEs.

¹ZPR map, available: <https://experience.arcgis.com/experience/af86bbf018504a5e9421aa88b23ec829/page/Home/>

2. Economic development, entrepreneurship, and digitalization in Zemgale planning region

2.1. Economic development and entrepreneurship

Both the new territorial scope of the Zemgale Planning Region and the previous one (before the regional reform in 2021) were used for the assessment of the existing economic development and business environment of the Zemgale region, which with rare exceptions correspond to the current statistical assessments. The authors of the paper, where it has been possible, have made recalculations, indicating this in the relevant assessment.

The Zemgale Planning Region is an institution under the supervision of the Ministry of Environmental Protection and Regional Development in the status of a derived public entity. It combines six municipalities, which after the regional reform "cover" 20 former counties and two large cities - Jelgava and Jēkabpils. Currently, ZPR includes the state city - Jelgava, as well as the districts of Aizkraukle, Bauska, Dobele, Jelgava and Jēkabpils, among which there are three development centers of regional importance - Aizkraukle, Bauska and Dobele. The total area of the planning region is 10,739.16 km². In terms of counties, the largest area in the Zemgale planning region is Jēkabpils district (27.9%), Aizkraukle district (21.2%) and Bauska district (20.3%), followed by Dobele district (15.2%) and Jelgava district (14.9%).²

At the beginning of 2023, 225,047 people lived in the Zemgale Planning Region.

The general trend shows that the population of the Zemgale planning region is decreasing even after the new division, however, according to statistical data, at the beginning of 2023 the population has remained at the level of 2022. Although the natural increase in the planning region of Zemgale in 2022 is still negative (-1,666 inhabitants), the total number of inhabitants has remained unchanged, because the net migration of the region in 2022 is positive (1,696 inhabitants), which indicates an attractive living and working environment for society.

The latest CSB preliminary data on the population after the administrative territorial reform show that 1.88 million people lived in Latvia at the beginning of 2023. population, the majority of which, or 45.7%, lived in the Riga planning region, and 11.95% in the Zemgale planning region. In terms of counties, in the Zemgale planning region, the most people live in Jelgava city (24.37%), Bauska district (18.34%) and Jēkabpils district (17.73%),

followed by Jelgava county (14.3%), Aizkraukle district (12.9%) and Dobele district (12.4%).³

A positive migration balance is shown when the number of people entering is greater than the number of people leaving, implying that a country or region is attracting more residents.⁴ A negative migration net, on the other hand, is shown when the number of people leaving exceeds the number of people entering, which may indicate population emigration or other migration trends.

As in Latvia as a whole and in other planning regions, the GDP per capita in the Zemgale region has shown growth since 2017. However, the indicator of the Zemgale region in 2021 (11,974 euros per inhabitant) was relatively one of the lowest in Latvia as a whole, surpassing only the Latgale region.⁵ Regional policy makers should pay more attention to such areas of economic development as

²CSB. DRT011. Total and land area of regions, counties, cities and parishes at the beginning of the year 2022 - 2023. Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENV_DR_DRT/DRT011/table/tableViewLayout1/[see 22.12.2023]

³CSB. IRS031. Population at the beginning of the year, its changes and key indicators of natural movement in regions, cities and counties 2012 – 2023. Retrieved from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_POP_IR_IRS/IRS031/table/tableViewLayout1/[see 22.12.2023]

⁴CSB. IRS031. Population at the beginning of the year, its changes and key indicators of natural movement in regions, cities and counties 2012 – 2023. Retrieved from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_POP_IR_IRS/IRS031/table/tableViewLayout1/[see 22.12.2023]

⁵CSB. IRS031. Population at the beginning of the year, its changes and key indicators of natural movement in regions, cities and counties 2012 – 2023. Retrieved from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_POP_IR_IRS/IRS031/table/tableViewLayout1/[see 22.12.2023]

investments in infrastructure, improvement of the quality of education, innovation and technological development, development of tourism, as well as improvement of the business environment.

To understand the differences in GDP between different regions of Latvia, it is essential to determine which sectors have the greatest influence on the GDP value of each region. As can be seen in 2.1. in the figure, the Zemgale region stands out with the largest share of industry (27.13% of the total GDP) and agriculture, forestry and fisheries (14.46% of the total GDP) in the added value among Latvian regions. Such a trend can be explained by geographical, natural resource and infrastructure advantages compared to other regions of Latvia. On the other hand, financial and insurance activities (14.72%), wholesale (14.98%) and public administration and defense (20.94%) make up a smaller proportion than in other regions of Latvia.⁶

The Zemgale region stands out with the largest share of industry (27.13% of the total GDP) and agriculture, forestry and fisheries (14.46% of the total GDP) in the added value among Latvian regions.

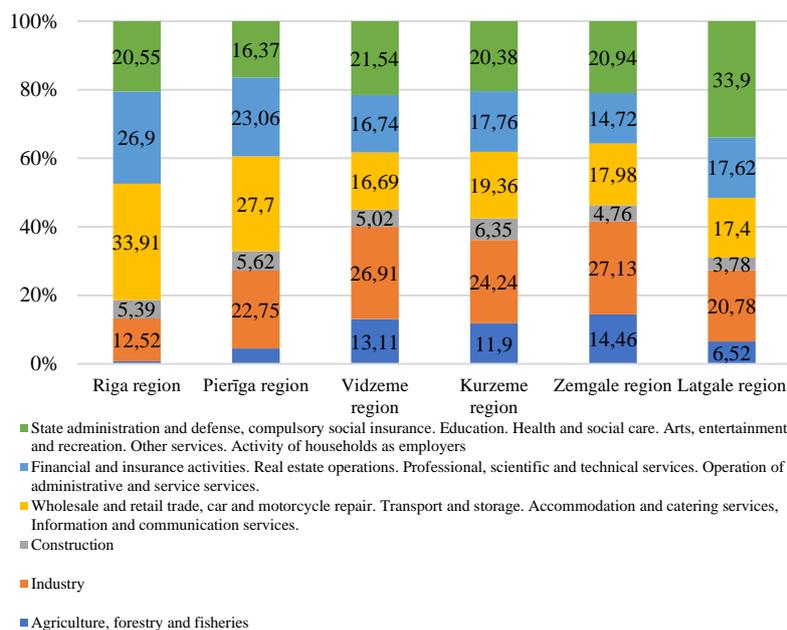


Figure 2.1. Proportion of added value by type of activity (%)

As shown by the statistical data of the World Bank for the period 2017-2022, the real economic growth rate or real GDP growth in Latvia has grown moderately during this period, with the exception of 2020, which is related to the Covid-19 crisis, which affected all countries of the world.⁷ This trend corresponds to the growth of the total GDP value by regions of Latvia, thus showing moderate growth both in the territory of Latvia as a whole and in the regions.

Analyzing the business environment in the Zemgale planning region, the proportion of the main industries/business sectors is clearly marked. According to the business statistics collected by Firms.lv for the year 2022, the most important business sectors in Zemgale are **agriculture (23.1%), trade (15.7%), construction (12.4%) and energy (13.9%).**⁸ Referring to the previously analyzed share of GDP, it can be concluded that the agricultural sector in the Zemgale region is the most represented in terms of the number of companies and turnover, and it also makes the greatest contribution to the increase in the value of GDP.

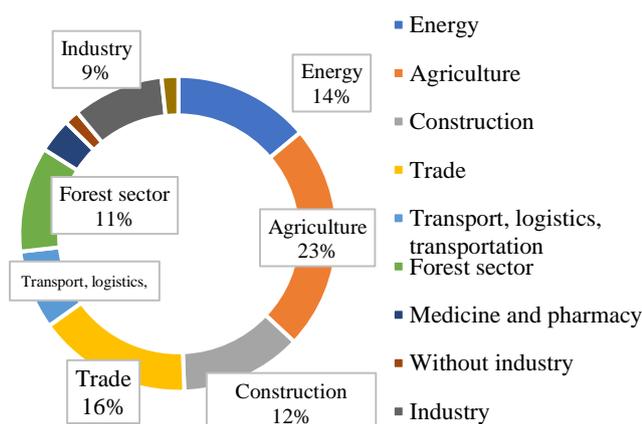


Figure 2.2. Share of industries in the Zemgale region (%) by net turnover, 2021. Source: firmas.lv

⁶ CSB. IKR020. Added value and its structure, total number of employees and employees in regions and cities of the republic by types of activity 2000 - 2021 Obtained from: https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_VEK_IK_IKR/IKR020/table/tableViewLayout1/ [see 22.12.2023]

⁷ GDP growth (annual %) – Latvia. Available: <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=LV>

⁸ Latvian business annual report 2022. Firms.lv, LETA. Available: https://www.firmas.lv/resources/lbgp/2022/books/lbgp_2022.pdf?v22

The agricultural sector in the Zemgale region is represented by 487 companies, of which 71% turnover has increased in 2022, which indicates a steadily growing industry. In 2022, the net turnover in this sector was 1,227,156 thousand. EUR, followed by the trade sector (EUR 630,641 thousand), the energy sector (EUR 557,099 thousand) and the construction sector (EUR 514,278 thousand). Likewise, the agricultural sector has been one of those in the Zemgale region that has achieved the highest profit - 106,663 thousand. EUR, reaching 9% profitability.⁹ Looking at the industries in which companies have increased their turnover compared to the previous year, several industries stand out. The largest number of companies with increased turnover are in the trade (86%) and media, advertising, education and creative industry (86%) sectors, as well as construction (85%) and services in the financial, legal and business sector (85%). Respectively, in 2022, 85-86% of companies in these sectors have worked with an increase in turnover, which indicates both the development of the specific industry and the market as a whole.¹⁰

The largest number of employees were employed in the construction industry - 16.3% of all employees employed in companies in the Zemgale region. 16% of employees were employed in the agricultural sector, 11% in the industrial sector, 9.3% in trade, 8.9% in the forest sector, and 8.2% in medicine and pharmaceuticals, employed in enterprises of the Zemgale region.

as construction (85%) and services in the financial, legal and business sector (85%). Respectively, in 2022, 85-86% of companies in these sectors have worked with an increase in turnover, which indicates both the development of the specific industry and the market as a whole.¹⁰

The amount of taxes paid by Zemgale companies is also an important indicator for the economic development of the country. In this aspect, the energy sector (25.8% of the total amount of taxes paid), the agricultural sector (13.9%), medicine and pharmaceuticals (9.4%) and the construction sector (8.9%) have a significant contribution. Information about all represented industries in the Zemgale region is available in Appendix 1. According to the data collected by Firmas.lv, there were 2,156 companies with a turnover of over EUR 145,000 in 2021, which is the highest figure for the period (2019-2021) (see table 2.1). Likewise, the number of employees in these companies has increased, profits have almost doubled, profitability has increased, and so has turnover. The rapid growth of large and medium-sized companies indicates a favorable business environment and the interest of investors in the specific region.

Companies whose turnover is over EUR 145,000 in the Zemgale region¹¹

Source: Latvian business annual report 2022. Firmas.lv, LETA.

Table 2.1

Pointer	2019	2020	2021	Development dynamics in 2021 compared to the previous year
Number of companies collected	2001	2054	2156	5.0%
Number of employees, thousand	40	40	41	2.5%
Profit, million EUR	191	272	326	19.9%
Profitability, (%)	5	7	7	0.0%
Turnover, million EUR	3876	4148	4810	16.0%
Changes in turnover, %	7	7	16	128.6%

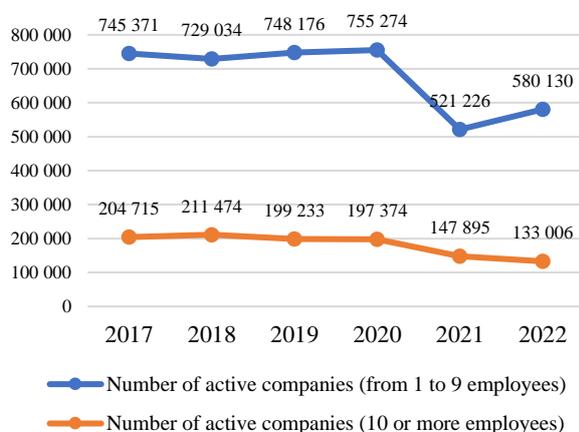


Figure 2.3. Number of active companies depending on the number of employees in Latvia (2017-2022)¹² Source: CSB, 2023.

As can be seen in Figure 2.3, contrary to the trend of the Zemgale region, which has seen an increase in the number of large and medium-sized companies in recent years, the number of these companies is decreasing on the Latvian scale - from 2020, the number of companies with 10 or more employees has decreased by 32.6 %, which is a significant reduction.

⁹Latvian business annual report 2022. Firmas.lv, LETA. Available: https://www.firmas.lv/resources/lbgp/2022/books/lbgp_2022.pdf?v22

¹⁰Latvian business annual report 2022. Firmas.lv, LETA. Available: https://www.firmas.lv/resources/lbgp/2022/books/lbgp_2022.pdf?v22

¹¹Latvian business annual report 2022. Firmas.lv, LETA. Available: https://www.firmas.lv/resources/lbgp/2022/books/lbgp_2022.pdf?v22

¹²CSB. UFR020. The main business indicators of companies by the number of employees 2005 – 2022. Obtained from: https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENT_UF_UFR/UFR020/table/tableViewLayout1/ [see 22.12.2023]

The dynamics of company liquidation can also testify to the development and health of the business environment. As can be seen in Figure 2.4, over the last three years, the number of liquidated companies per year has decreased moderately, this trend can be observed in all regions of Latvia. The number of liquidated companies in the Zemgale region has decreased by 40.7% in the last three years - from 1092 liquidated companies in 2021 to 648 companies in 2023.¹³ On the other hand, the lowest number of liquidated companies in the specific period was in 2023 – 648 liquidated companies in the Zemgale planning region.

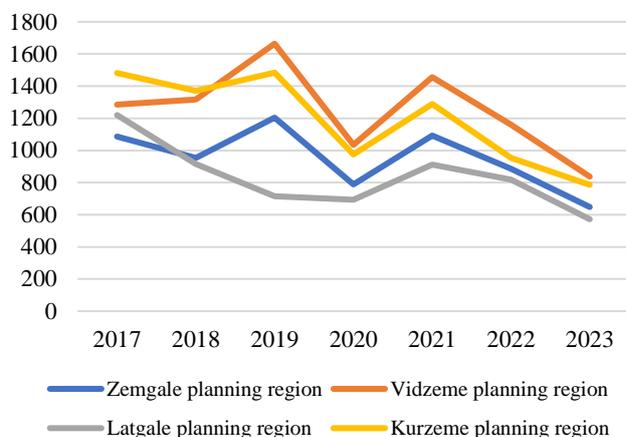


Figure 2.4. Dynamics of company liquidation in Latvian counties/cities (2017-2023). Source: Lursoft

The total number of companies in the Zemgale planning region has not experienced major changes since 2017. For several years, the number of active companies has decreased quite a bit – from 17,116 companies in 2017 to 16,859 companies in 2020. The total decrease during this period was 1.5%, which is

considered very small. This indicates a smooth, stable and predictable economic environment for the entrepreneur and the political management of the region, which does not hinder the operation and development of the company. The increase in the number of companies can be recorded in 2021, when 17,389 companies operated in the Zemgale planning region.

The number of job seekers or unemployed people in the Zemgale region has fluctuated around 7% in the last 3 years. Compared to other regions of Latvia in 2022, the lowest unemployment rate is shown by the regions of Riga (5.3%), Pieriga (5.7%) and Vidzeme (7.6%), while Kurzeme (7.9%) and Latgale have a higher unemployment rate.

In 2022, the unemployment rate of the Zemgale region coincides with the average level of job seekers in Latvia - 7.3%. As can be seen in 1.5. in the figure, the general trend of the unemployment rate in the Zemgale region in the specific period coincides with the fluctuations of the unemployment rate occurring in the country, experiencing a slight decrease in the number of job seekers from 2017 to 2019, followed by a steady increase. Historically, the Latgale region shows different results from the overall regional trend.

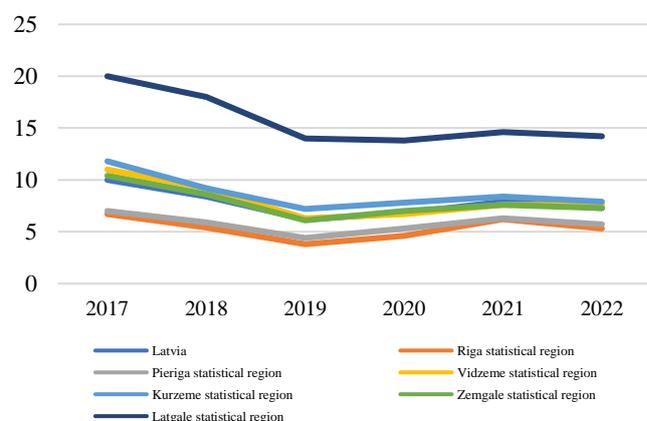


Figure 2.5. Share of jobseekers/unemployed among economically active population aged 15-74 in regions (%) Source: CSB, 2023

One of the factors affecting competition and employment is wages. According to CSB data, the average monthly gross salary of workers in the Zemgale planning region is 14.8% lower than the average in Latvia as a whole, which may be a reason to choose a similar workplace in regions where the salary is higher, such as Riga and Pieriga. However, judging the

situation in the country, the average gross salary of the Zemgale region is higher than in such regions as Vidzeme and Latgale (see table 2.2). According to statistical data, the monthly average gross salary in ZPR has grown faster than in Latvia as a whole, in the Riga planning region, in the Vidzeme planning

¹³ Dynamics of company liquidation in Latvian counties/cities, Lursoft. Available: <https://statistika.lursoft.lv/lv/statistika/rajoni-un-novadi/uznemumu-skaita-dinamika/likvidacija/pa-novadiem/gads-no/2017/gads-lidz/2023/>

region and in the Latgale planning region, which indicates progressive growth dynamics, faster than in the country.

Table 2.2

The monthly average gross salary of workers in the regions (euros). Source: CSB, 2023

Region	2021	2022	2023 (by September)	Growth in 2023 vs. 2022 (%)
Latvia	1336	1443	1549	7.3%
Riga planning region (according to ATR in 2021)	1481	1590	1698	6.8%
Vidzeme planning region (according to ATR in 2021)	1041	1150	1235	7.4%
Kurzeme planning region (according to ATR in 2021)	1118	1212	1320	8.9%
Zemgale planning region (according to ATR in 2021)	1140	1212	1320	8.9%
Latgale planning region (according to ATR in 2021)	921	1018	1102	8.3%

The intensity of foreign direct investment (FDI) flows is moderate. Restrictions on the spread of the Covid-19 pandemic, as well as instability in the global economy, are a significant obstacle to cross-border investment flows. The amount of foreign direct investment in the Zemgale region since 1991 has been EUR 203,433,424.46, which is the second lowest indicator among Latvian regions. The largest investor countries have been Sweden, Lithuania, Estonia, Germany, Cyprus and the Netherlands, which coincides with the overall situation in the country.

Business sectors in which the most investments are made are electricity production, real estate purchase and sale, cultivation of cereals, legumes and oilseeds, animal husbandry, production of plastic plates, sheets, pipes and profiles, wholesale of chemicals. The largest companies-investors have been Green Holding Company BV (Netherlands), Van Ansem Participaties BV (Netherlands), RADIUS GROUP HOLDINGS LIMITED (UK), Ingleby Denmark 1 A/S (Denmark) and Chocolette SA (Switzerland).¹⁴ The distribution of FDI by sector on a national scale shows that most investments are attracted in professional, scientific and technical services (21%). Other significant foreign investments are accumulated in financial operations (15%), real estate operations (15%), trade (13%) and manufacturing (12%).¹⁵

There is a negative trend in foreign direct investments per 1000 inhabitants (EUR, RAIM calculation). The latest available data show that the amount of investments has decreased from 58.9 thousand EUR to 16.2 thousand EUR in 2019 per inhabitant (see Table 2.3).¹⁶ The amount of foreign direct investment each year can be affected by factors such as the national economy, political stability, legal and regulatory aspects, currency stability, market potential, existing infrastructure and resources, social environment, as well as the situation in the labor market and social factors.

¹⁴ Lursoft Statistics | Major investors.

Available: https://www.lursoft.lv/estadistic?act=UR_STATS&pcurr=EUR&id=547@ion=Z&subregion=

¹⁵ Bank of Latvia. OITI data in country breakdown tables. Available: <https://statdb.bank.lv/lb/Data/128>

¹⁶ Regional development indicators module. Foreign direct investment per 1000 inhabitants (EUR, RAIM calculation), available: <https://raim.gov.lv/query-selection/result?item%5B%5D=209&item%5B%5D=208&item%5B%5D=95&item%5B%5D=94>

Table 2.3

Indicators of economic development and entrepreneurship in ZPR and Latvia

Indicators	2017	2018	2019	2020	2021	2022	2023	Development dynamics (CAGR 2017-2022/23)
Area of the territory (km ²), ZPR ¹⁷	-	-	-	-	10,739	10,739	10,739	-
Population at the beginning of the year, ZPR ¹⁸	236,990	234 234	231 609	229,732	227,520	225,017	225,047	-0.9%
Natural population growth, ZPR ¹⁹	-859	-1 367	-1 097	-1 349	-2 186	-1 666	-	-
Migration balance, ZPR ²⁰	-1 897	-1 258	-780	-863	-317	1 696	-	-
GDP per capita, euro, ZPR ²¹	8,520	9,866	10 130	11 219	11,974	-	-	8.9%
GDP growth, Latvia ²² % changes	3.31	3.99	0.59	-3.51	6.73	3.36	-	-
Number of active companies (from 1 to 9 employees), Latvia ²³	745 371	729,034	748 176	755 274	521 226	580 130	-	-4.9%
Number of active companies (10 or more employees), Latvia ²⁴	204,715	211 474	199 233	197 374	147,895	133 006	-	-8.3%
Economically active companies, Zemgale ²⁵	17 116	17,068	16,958	16,859	17,389 ²⁶	-	-	0.4%
Increase in the number of net companies %	-5.2%	-0.3%	-0.6%	-0.6%	3.2%	-	-	-
Unemployment rate (% of labor force), ZPR ²⁷	10.4	8.6	6.1	7.0	7.6	7.3	-	-
Foreign direct investments in Latvia (million EUR) ²⁸	657	813	826	879	3145	1333	1092	8.8%
Foreign direct investments per 1000 inhabitants, ZPR (EUR, RAIM calculation)	58 902.5	29 382.6	16 251.4	-	-	-	-	-
Funding amount of EU funds (ERDF, ESF, CF) projects (EUR, KPVIS), ZPR	8,862,995	58 491 317	65,652,957	36,966,054	24,612,487	-	-	29.1%
Amount of funding of EU funds (EAGF, EAFRD, EMFF) projects (EUR, SAR), ZPR	121 611 056	144,583,522	117,780,593	-	-	-	-	-

¹⁷CSB. DRT011. Total and land area of regions, counties, cities and parishes at the beginning of the year 2022 - 2023 Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENV_DR_DRT/DRT011/table/tableViewLayout1/[see 22.12.2023]

¹⁸CSB. IRS031. Population at the beginning of the year, its changes and key indicators of natural movement in regions, cities and counties 2012 – 2023. Retrieved from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_POP_IR_IRS/IRS031/table/tableViewLayout1/[see 22.12.2023]

¹⁹CSB. IRS031. Population at the beginning of the year, its changes and key indicators of natural movement in regions, cities and counties 2012 – 2023. Retrieved from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_POP_IR_IRS/IRS031/table/tableViewLayout1/[see 22.12.2023]

²⁰CSB. IRS031. Population at the beginning of the year, its changes and key indicators of natural movement in regions, cities and counties 2012 – 2023. Retrieved from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_POP_IR_IRS/IRS031/table/tableViewLayout1/[see 22.12.2023]

²¹CSB. IKR020. Added value and its structure, total number of employees and employees in regions and cities of the republic by types of activity 2000 - 2021 Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_VEK_IK_IKR/IKR020/table/tableViewLayout1/[see 22.12.2023]

²²CSB. IKR020. Added value and its structure, total number of employees and employees in regions and cities of the republic by types of activity 2000 - 2021 Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_VEK_IK_IKR/IKR020/table/tableViewLayout1/[see 22.12.2023]

²³CSB. UFR020. The main business indicators of companies by the number of employees 2005 – 2022. Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENT_UF_UFR/UFR020/table/tableViewLayout1/[see 22.12.2023]

²⁴CSB. UFR020. The main business indicators of companies by the number of employees 2005 – 2022. Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENT_UF_UFR/UFR020/table/tableViewLayout1/[see 22.12.2023]

²⁵CSB. UZS010. Economically active companies in regions, cities and counties of the republic. Retrieved from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_ENT_UZ_UZS/UZS010/[see 22.12.2023]

²⁶Number of active and liquidated companies in Latvian counties/cities, Lursoft. Available:<https://statistika.lursoft.lv/lv/statistika/rajoni-un-novadi/uznemumu-skaits/pa-novadiem/>

²⁷CSB. RIG090. Proportion of jobseekers/unemployed among economically active population aged 15-74 in regions, counties, cities, parishes (corresponding to boundaries at the beginning of 2023), neighborhoods and densely populated areas (experimental statistics) 2011-2022. Retrieved from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_EMP_NBBA_NBBB/RIG090/table/tableViewLayout1/[see 22.12.2023]

²⁸Bank of Latvia. 04 TI quarterly/annual data tables. Retrieved from:<https://statdb.bank.lv/lb/Data/187/34306884c2835a13e6513cb7a41d4ee4-html>[see 22.12.2023]

MAIN CONCLUSIONS

The unemployment rate in Latvia decreased from 10.4% in 2017 to 7.3% in 2022, indicating an improvement in the labor market that can continue through skills development programs and matching labor market needs with education and training.

Latvia's GDP growth rate fluctuated between 2017 and 2023, indicating instability in the economy, with a sharp decline in 2020 and recovery in the following years.

The number of small businesses (1-9 employees) in Latvia decreased by 22.2% in the period from 2017 to 2022, indicating that small businesses are experiencing problems that affect employment and the diversity of the economy.

The number of economically active companies in Zemgale was relatively stable, with a slight increase of 2% from 2017 to 2021, indicating a more stable economic environment compared to the national trend.

The decrease in foreign direct investment (FDI) per 1,000 inhabitants from 2017 to 2019 may indicate a decrease in foreign investment interest, which affects economic growth.

The constant population decline is the main problem of the region.

Fluctuations in funding of EU fund projects show the need to use the funds effectively, aligning them with the country's development priorities and ensuring sustainability.

The largest number of employees were employed in the construction industry - 16.3% of all employees employed in companies in the Zemgale region. 16% of employees were employed in the agricultural sector, 11% in the industrial sector, 9.3% in trade, 8.9% in the forest sector, and 8.2% in medicine and pharmaceuticals, employed in enterprises of the Zemgale region.

RECOMMENDATIONS

Additional support for SMEs, including access to finance, business development services and market access, is recommended to reverse the downward trend in the number of active enterprises.

It is recommended to increase FDI in the region and create a favorable investment climate.

Implement initiatives that promote higher birth rates or attract migrants, as well as make policy changes in the health and social fields.

In addition, stimulating job creation and improving living conditions can help reduce the rate of population decline.

Improving administrative efficiency, project management training and transparency in the allocation of funds is one of the prerequisites for more efficient use of EU funds.

It is recommended to improve the ability to absorb and effectively use EU funds, including improving administrative efficiency and ensuring transparency.

2.2. Digital economy and society

Latvia's result in the index is 49.7 (see table 2.4 on the next page), while the European average is 52.3. The report identified that in recent years; **Latvia's DESI result has improved more slowly than most other EU countries.** Thus, despite Latvia's efforts, it has not yet been able to catch up with the other member states.²⁹

The DESI report highlights Latvia's performance in the field of access to telecommunications services, which is a prerequisite for achieving digital transformation. Latvia has a very strong broadband coverage (93%), which is well above the EU average (87%). The country has almost full 4G coverage (99.9%) and is highly prepared for the introduction of 5G communication technology.

In the 2022 Digital Economy and Society Index (DESI), Latvia ranks 17th out of 27 EU member states, Estonia ranks ninth, and Lithuania ranks 14th.

As can be seen in Figure 2.6, the value of the DESI index has grown moderately. However, in 2022 the value is lower than the EU average result (52.3). **The biggest differences from the European average can be found in the area of digital technology integration and connectivity.** Regarding the integration of digital technologies in companies, Latvia ranks 23rd among EU countries. Although Latvia has achieved improvements in some cases, almost all of its indicators are still below the EU average. The proportion of SMEs with at least a basic level of digital intensity is 38%, which is much lower than the EU average of 55%. The share of Latvian companies that use social media (two or more) and exchange information electronically has increased significantly and is now roughly the same as the EU average, both growing by 7 percentage points. However, only 9% of companies use big data and only 15% use e-invoicing, both of which are well below the EU average.³⁰

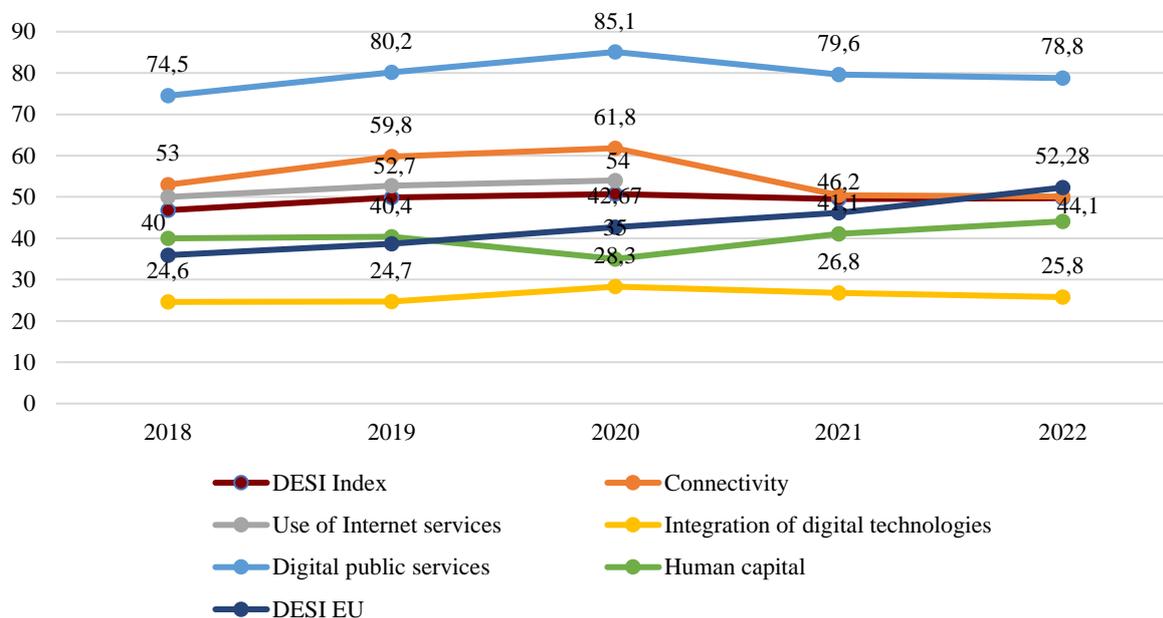


Figure 2.6. Comparison of Latvian DESI index values and its categories (2018-2022) and contextual comparison of DESI EU. Source: Digital Economy and Society Index (DESI)

²⁹Digital Economy and Society Index (DESI) in 2022, Latvia. European Commission.

Available: [file:///C:/Users/matis/Downloads/DESI_2022_Latvia_lv_f8xLTQVCw2LeNi3LiPkIXdtttU_88752%20\(1\).pdf](file:///C:/Users/matis/Downloads/DESI_2022_Latvia_lv_f8xLTQVCw2LeNi3LiPkIXdtttU_88752%20(1).pdf)

³⁰Digital Economy and Society Index (DESI) in 2022, Latvia. European Commission.

Available: [file:///C:/Users/matis/Downloads/DESI_2022_Latvia_lv_f8xLTQVCw2LeNi3LiPkIXdtttU_88752%20\(1\).pdf](file:///C:/Users/matis/Downloads/DESI_2022_Latvia_lv_f8xLTQVCw2LeNi3LiPkIXdtttU_88752%20(1).pdf)

On the other hand, the results in the field of digital public services are even above the average (11th place among EU countries). As the country has 84% of e-government users, it significantly exceeds the EU average of 65%. Latvia scores well in the field of digital public services accessibility - 87 points for digital public services provided to citizens (EU average: 75) and 86 points for businesses (EU average: 82). Latvia automatically exceeds the European average in terms of partially filled forms (77 points compared to the EU average, namely 64 points). The only area in which Latvia's indicators are lower than the EU average is open data (77% compared to 81%). As can be seen in Figure 2.6, in the period from 2018, Latvia's DESI Index was higher than the EU average, however, in recent years, the growth of Latvia's indicators has slowed down and approached the EU average.

The country also has a relatively good percentage of female ICT professionals, although growth has started to slow down. However, the proportion of ICT specialists is constantly increasing, and Latvia is slowly approaching the EU average. Among the population of Latvia, basic digital skills and digital skills higher than basic skills, as well as basic skills for creating digital content are still slightly weaker than the EU average.

In the field of human capital in Latvia, the proportion of graduates who study ICT is still significantly higher than the EU average.

Latvia continues to show solid indicators in the field of connectivity, especially in terms of Very High Performance Network (VHCN) coverage (91% compared to 70% EU average).

The integration of digital technologies can open up new opportunities for Latvian companies to improve their competitiveness. Learning social media and electronic sharing of information have grown significantly - in both cases the indicator has increased by 7 percentage points - which means that Latvia is approaching the European average.

Table 2.4

Summary of Latvian DESI index values (2018-2022)
Source: Digital Economy and Society Index (DESI)

Pointer	2018	2019	2020	2021	2022	CAGR (2018-2022)
DESI Index	46.8	49.9	50.7	49.5	49.7	1.5%
DESI: Connectivity	53.0	59.8	61.8	50.4	50.1	-1.4%
DESI: Human capital	40.0	40.4	35.0	41.1	44.1	2.5%
DESI: Using Internet Services	50.0	52.7	54.0	-	-	-
DESI: Digital Technology Integration	24.6	24.7	28.3	26.8	25.8	1.2%
DESI: Digital Public Services	74.5	80.2	85.1	79.6	78.8	1.4%

The intensity of Internet use of Latvian residents is average, which corresponds to the trend in neighboring countries with a similar GDP level. The differences are between demographic groups (based on age, education and gender), but they also correspond to the situation in neighboring countries. Likewise, the share of Internet users in the Zemgale region corresponds to the average indicator in the country (see table 2.5). Narrowing such gaps is essential to achieve higher and more competitive digital skills for both citizens and businesses.

Table 2.5

Digital habits of Latvian citizens							
Pointer	2017	2018	2019	2020	2021	2022	2023
Population who have never used a computer (Latvia) (% of total population) ³¹	15.93	-	-	-	-	-	-
Inhabitants who use the Internet at least once a week or more often (Latvia) (% of total population) ³²	78.47	81.17	83.72	86,88	89.79	90.26	91.50
Populations who have never used the Internet ³³ (% of total population)	15.83	13,29	11.59	8.43	6.22	6.69	6.09
Digital habits of the inhabitants of Zemgale planning region							
Citizens who use the Internet (% of total population) ³⁴ Zemgale	79.3	81.3	86.7	88.3	89.4	89.9	91.0
Selling goods or services online on the Internet, e.g. eBay auctions ³⁵ (Bottom) (% of total population)	6.9	5.7	5.7	15.9	8,9	8.6	11.0
Expressing opinions on civic or political current affairs (issues) on websites ³⁶ (Bottom) (% of total population)	9.3	-	19.1	-	21.6	26.1	25.4
Engaging in online consultations or signing up for civic or political initiatives ³⁷ (Bottom) (% of total population)	6.8	-	9.4	-	14.4	13.6	12.0
Engagement in social networks ³⁸ (Bottom) (% of total population)	63.4	66.0	69.0	69.3	72.5	75.6	74.6

A comparison of the statistical indicators of the Zemgale planning region with other regions of Latvia is available in Appendix 2.

Internet adoption has gradually increased in recent years, with the number of people using the Internet each week growing at a slower rate than the EU average. This trend can be partly explained by the stagnation of Internet adoption in lower income groups, as differences based on age and education gradually narrow).

Among Internet users, the level of use of e-banking services and contact with state institutions is higher than the OECD average. However, online courses have been taken up by only a few, which is in line

³¹Eurostat. Individuals - computer use, available:<https://ec.europa.eu/eurostat/databrowser/bookmark/961a02cc-1ddb-43d2-9bab-53af2f0f1bd5?lang=en>

³²Eurostat. Individuals - computer use, available:<https://ec.europa.eu/eurostat/databrowser/bookmark/961a02cc-1ddb-43d2-9bab-53af2f0f1bd5?lang=en>

³³Eurostat. Individual - internet use, available:<https://ec.europa.eu/eurostat/databrowser/bookmark/961a02cc-1ddb-43d2-9bab-53af2f0f1bd5?lang=en>

³⁴CSB. DLM010. Population using a computer/Internet (as a percentage of the total population in the relevant group) 2004 - 2023. Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_IKT_EK_DLM/DLM010/table/tableViewLayout1/[see 22.12.2023]

³⁵CSB. DLM020. Internet usage goals of citizens in the last 3 months (in percentage of the total number of citizens in the relevant group) 2004 - 2023. Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_IKT_EK_DLM/DLM020/table/tableViewLayout1/[see 22.12.2023]

³⁶CSB. DLM020. Internet usage goals of citizens in the last 3 months (in percentage of the total number of citizens in the relevant group) 2004 - 2023. Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_IKT_EK_DLM/DLM020/table/tableViewLayout1/[see 22.12.2023]

³⁷CSB. DLM020. Internet usage goals of citizens in the last 3 months (in percentage of the total number of citizens in the relevant group) 2004 - 2023. Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_IKT_EK_DLM/DLM020/table/tableViewLayout1/[see 22.12.2023]

³⁸CSB. DLM020. Internet usage goals of citizens in the last 3 months (in percentage of the total number of citizens in the relevant group) 2004 - 2023. Obtained from:https://data.stat.gov.lv/pxweb/lv/OSP_PUB/START_IKT_EK_DLM/DLM020/table/tableViewLayout1/[see 22.12.2023]

with the general trend of participation in education and training activities (see below). Similar to other OECD countries, the gender gap in internet use remains small, with women using social media more than men and accessing health-related information more often.³⁹

CONCLUSIONS

The intensity of Internet use of Latvian residents is average, which corresponds to the trend in neighboring countries with a similar GDP level.

In the period from 2018, Latvia's DESI Index was higher than the EU average, however, in recent years, the growth of Latvia's indicators has slowed down and approached the EU average.

The proportion of ICT specialists is constantly increasing, and Latvia is slowly approaching the EU average.

The country has a relatively good percentage of female ICT professionals, although growth has started to slow down.

The DESI report highlights Latvia's performance in the field of access to telecommunications services, which is a prerequisite for achieving digital transformation. Latvia has a very strong broadband coverage (93%), which is well above the EU average (87%).

Latvia's DESI score has improved more slowly than most other EU countries.

In 2023, 91% of the population in Zemgale used the Internet, which indicates a high level of Internet use and accessibility in the region, as well as at least basic digital skills for the region's residents.

It is significant that only 11% of the inhabitants of Zemgale are engaged in online sales of goods and services, which could indicate low activity in digital sales/purchase channels.

A much larger share of the population of Zemgale - 74.6% - regularly engages in social networks, which shows the importance and relevance of the specific communication channel, in order to include it in the communication strategy of companies and state institutions.

In 2023, 25.4% of Zemgale residents were involved in expressing their opinion on civic or political initiatives.

³⁹ OECD (2021), Digitization in Latvia, OECD Publishing, Paris, <https://doi.org/10.1787/a58d1c1a-lv>

3. Governance and regulatory framework

3.1. Regional governance, main institutions, and their roles

Public financing for small and medium-sized enterprises (SMEs) in Latvia is usually granted through various programs and initiatives administered by state agencies or organizations, including municipalities, partnerships and other support institutions. The aim of these initiatives is to support the growth and development of SMEs. Financing methods may include public grants or grants for specific activities, such as digitalization, research and development, innovation, export promotion or job creation. Financial assistance programs can offer loans or guarantees to improve SMEs' access to finance. EU structural funds can contribute to projects aimed at economic development and entrepreneurship. Training and support programs provide assistance through mentoring, counseling services and skills development.

It is important to note that, in comparison with other countries of the European Union, separate financial support is not granted and administered in Latvia at the regional level. Funding is mainly allocated at the state and municipal level. This situation depends on several factors and is related to the country's administrative and political structure, limited financial resources, political will and determination of priorities. An exception in this respect is the planning region of Latgale, where, in cooperation with the European Economic Area (EEA) and Norwegian grants, separate financial support is granted with the aim of promoting local development specifically in the Latgale region, which is historically one of the least developed regions of Latvia.

However, regional-level institutions, such as the Zemgale Planning Region, play an important role in determining the region's priorities, conducting economic analysis, communicating with companies and providing advisory support.

Table 3.1 below summarizes the main participating institutions in the distribution of public funding and their roles.

Table 3.1.

Main institutions involved and their roles

No.	Title	Description of the institution and its role	Type of support
1.	Ministry of Finance Available: https://www.fm.gov.lv/lv	The Ministry of Finance is responsible for overall financial management, including budgetary matters. This may play a role in determining the overall financial framework of public funding programs.	In Latvia, the managing authority of the Cohesion Fund, the European Social Fund, the European Regional Development Fund, as well as the EEA and Norway grants is the Ministry of Finance. The managing authority is responsible for the implementation of EU funds and EEA and Norwegian grants in accordance with the principles of efficient, transparent and secure financial management. The Ministry of Finance also performs the functions of coordinator of the Recovery Fund plan.
		State level institution.	Deals with funding planning and administration.

	<p>Central Finance and Contracts Agency (CFCA)</p> <p>Available: https://www.cfla.gov.lv/lv</p> <p>Department of Zemgale region - https://www.cfla.gov.lv/lv/filiale/zemgales-regiona-nodala</p>	<p>CFCA is responsible for the implementation of EU structural funds in Latvia. It manages and coordinates the distribution of funds, ensuring compliance with EU regulations. CFCA also oversees the financial aspects of EU-funded projects.</p> <p>Performing the functions of the public-private partnership monitoring institution and competence center;</p> <p>Functions of development cooperation agency in Latvia;</p>	<p>Features of CFCA:</p> <p>cooperation institution in the implementation of EU funds 2021-2027;</p> <p>Ensuring the selection of investment project submissions and inspections of the implementation of reforms and investments planned within the framework of the recovery fund plan.</p> <p>cooperation institution in the implementation of EU funds 2014-2020;</p> <p>the leading institution in the implementation of the cooperation program between Latvia and Switzerland;</p> <p>Implementation of post-monitoring functions of EU funds 2007-2013 and the bilateral financial instrument of the European Economic Area and the Norwegian government in the 2004-2009 planning period, compliance with specific conditions and monitoring the sustainability of project results.</p>
		State level institution.	Provides financial support to companies.
3.	<p>Ministry of Economics</p> <p>Available: https://www.em.gov.lv/lv</p>	<p>The Ministry of Economy oversees economic policy and development in Latvia. It plays a crucial role in formulating strategies and policies related to business support and can provide information on available funding programs.</p>	<p>The Ministry of Economy, as the institution responsible for EU funds, carries out support planning for sectors under its competence in accordance with the national priorities set in the National Development Plan for 2021 - 2027.</p>
		State level institution.	Deals with funding planning and administration.
4.	<p>Latvian Investment and Development Agency (LIAA)</p> <p>Available: https://www.liaa.gov.lv/lv</p>	<p>LIAA is a state agency responsible for promoting business development, foreign investment and innovation in Latvia. The institution plays a crucial role in facilitating companies' access to various financing programs.</p> <p>LIAA has held seminars in the Zemgale region to attract investors.⁴⁰</p>	<p>Available support for export, digitization of processes, tourism product development program, the implementation of the EU industrial strategy is promoted by the state support program "Important projects in the interests of all Europe", the "Green Corridor" initiative, the start-up support program.</p> <p>LIAA coordinates and manages the EEN network in Latvia, which helps small and medium-sized enterprises to develop internationally.</p> <p>Horizon - The experts of the National Contact Point of the State Education Development Agency (VIAA) advise on the actualities of the Horizon Europe program, as well as the conditions for the development and implementation of projects. On the other hand, support in finding project partners is provided by the Investment and Development Agency of Latvia, the European Business Support Network (EEN).⁴¹</p>
		State level institution.	Provides financial support to companies.

⁴⁰LIAA. Zemgale region seminar for attracting investors. Available: <https://www.liaa.gov.lv/lv/notikums/zemgales-regiona-seminars-investoru-piesaistei>

⁴¹ HORIZON EUROPE, available: <https://www.een.lv/pakalpojumi/horizoneurope/>

5.	<p>LIAA representative offices in Jelgava, Bauska and Jēkabpils</p> <p>LIAA representative office in Jelgava: https://www.liaa.gov.lv/iv/parstavnieciba/jelgava</p> <p>LIAA representative office in Bauska: https://www.liaa.gov.lv/iv/parstavnieciba/bauska</p> <p>LIAA representative office in Jēkabpils: https://www.liaa.gov.lv/iv/parstavnieciba/jekabpils</p>	<p>The purpose of the representative office is to support the creation and development of new, viable and competitive merchants in the region, providing natural persons and merchants with the necessary environment for business start-up and development, consultations, training and events on general business issues, mentor support and grant co-financing.</p>	<p>Pre-incubation support: Consulting for business model development; Learning business skills and abilities; Business environment Other free consultations, training and seminars.</p> <p>Incubation support: All support available in pre-incubation (100% co-financed); Mentor network support (100% co-financed); Outsourcing – legal, IT, marketing, accounting, design, etc. services (50% co-financed); Room rental (50% co-financed); A grant of up to EUR 5,000 to cover the cost of purchasing equipment (equipment, materials and raw materials) - available from the 2nd year of incubation (50% co-financed); A grant of up to 10,000 euros for specific services (prototyping, testing, expert consultations, etc.) - available immediately after the conclusion of the incubation agreement.</p>
		Local level institution.	Provides advisory and financial support to companies.
6.	<p>The Ministry of Agriculture</p> <p>Available: https://www.zm.gov.lv/iv?utm_source=https%3A%2F%2Fwww.google.com%2F</p>	<p>The Ministry of Agriculture (ZM) is responsible for policy development, implementation and monitoring of agriculture, forestry and food. ZM also participates in international cooperation, implementing EU and other international programs and projects to promote the development of the sector. ZM is basically responsible for the strategic plan of Latvia's Common Agricultural Policy for 2023-2027 (KLP SP).⁴²</p>	<p>The Ministry of Agriculture, as the responsible ministry for the sector, carries out strategic planning of agricultural and fisheries policy in accordance with the Strategic Plan of Latvia's Common Agricultural Policy for 2023-2027 and the Fisheries Development Program for 2021-2027</p>
		State level institution.	Deals with funding planning and administration.

⁴² CAP 2023-2027, ZM. available: <https://www.zm.gov.lv/iv/klp-2023-2027>

7.	Rural Support Service (RSS, LAD) Available: https://www.lad.gov.lv/lv	RSS administers financial support programs and subsidies aimed at promoting sustainable agriculture, rural infrastructure development and the overall well-being of rural communities. The authority is responsible for policy implementation, grant management and effective allocation of public funds to support the agricultural sector, promote rural entrepreneurship and address specific needs and challenges. RSS performs the financial administration of the fund allocated by the Ministry of Interior.	Different types of state support are available: for the promotion of the agricultural and fishery market; for risk management, emergency support, support for the purchase of diesel fuel, mitigation of negative economic consequences, the "Milk and fruit for school" program, for the promotion of mutual cooperation between associations. All types of support available: https://www.lad.gov.lv/lv/katalogs?progra_catalog_vid_1%5B533%5D=533 Support from the European Recovery Fund is available: https://www.lad.gov.lv/lv/katalogs/eiropas-atveselosanas-fonds
		State level institution.	Provides financial support to companies.
8.	Rural partnership "Lielupe" Available: https://www.partneribalielupe.lv/index.php	The purpose of the activity of RP "Lielupe" is to promote the improvement of the quality of life of the population living in the territory of Jelgava region, promoting sustainable rural development, which includes both the increase of economic and social activity, the improvement of the surrounding environment of the territory and the sustainable use of existing resources.	The association deals with the implementation of the LEADER program (EAFLD funding) in the territory of Jelgava district. The rural partnership "Lielupe" gives rural residents the opportunity to attract EU funding for the development of business, the arrangement of the territory and the diversification of public activities. The association promotes the operation of local initiative groups and the involvement of rural residents in international projects.
		Local level institution.	Administers the funding granted by the Ministry of Agriculture.
9.	Rural Partnership Vidusdaugava Available: https://www.vidusdaugasnvo.lv/	The aim of the association is to promote the sustainable development of rural areas in Jēkabpils region by supporting the activity of rural residents' initiative groups and individuals. Local governments and initiative groups and entrepreneurs in their territory work together to implement the goal.	The partnership deals with the implementation of the LEADER program (EAFLD financing) in the territory of Jēkabpils district.
		Local level institution.	Administers the funding granted by the Ministry of Agriculture.

10.	Bauska district rural partnership Available: http://www.bauskaspartneriba.lv/	The association "Bauska district rural partnership" is an association of local organizations (municipalities, NGOs, entrepreneurs) and residents, which operates in the Bauska district, represents the interests of the residents and, on the basis of its own developed strategy, takes care of rural development issues at the local level.	The partnership deals with the implementation of the LEADER program (EAFLD funding) in the territory of Bauska district.
		Local level institution.	Administers the funding granted by the Ministry of Agriculture.
11.	Aizkraukle partnership Available: https://aizkrauklespartneriba.lv/	The goal is to promote sustainable development in the rural area of Aizkraukle district, representing the public's interests in its development.	Aizkraukle district partnership implements LEADER project financing in the territory of Aizkraukle district.
		Local level institution.	Administers the funding granted by the Ministry of Agriculture
12.	Dobele district rural partnership Available: https://www.dobelspartneriba.lv/	The aim of the rural partnership of Dobele district is to promote public initiative and civic participation, promoting sustainable rural development.	The partnership deals with the implementation of the LEADER program (EAFLD funding) in the territory of Dobele district.
		Local level institution.	Administers the funding granted by the Ministry of Agriculture
13.	Latvian Rural Consultation and Education Center (LLKC) Available: http://www.llkc.lv/	An organization that deals with rural development issues, agricultural consulting and education in rural regions. The goals are to provide information analysis and exchange measures for the implementation of rural development policy and decision-making, to ensure the operation of EU cooperation networks in Latvia and to build a strong and creative infrastructure of LLKC consulting systems for sustainable operation and growth.	The "Laukiem būt" competition is intended for young people, young entrepreneurs and newcomers to the countryside between the ages of 18 and 40, who have a ready-made business idea and want to develop it and bring it to life in the near future. In cooperation with the state development financial institution ALTUM.
		State level institution.	Provides consultative support.
14.	LBTU TEPEK Available: https://www.lbtu.lv/	The Latvian University of Biosciences and Technologies provides companies with expertise and knowledge in biosciences and technologies	The Department of Technology and Knowledge Transfer of LBTU (TEPEK) offers entrepreneurs the service of research and scientific competence of LBTU scientists, cooperation with incubators in

	v/lv/pakalpojumi-tepek	that can help companies develop new technologies, products or services. This knowledge is essential for companies in various industries, such as food production, pharmaceuticals or environmental technologies.	Zemgale, Kurzeme, Vidzeme and Šiauliai, as well as the planning and organization of seminars, conferences, contact exchanges and exhibitions.
15.	Institute of Horticulture Available: https://www.darzkopibasinstitutus.lv/lv	The Institute of Horticulture can provide companies with knowledge and technical support in the field of horticulture, for example on plant breeding, protection against diseases and pests, breeding of new species and processing. Such support can help companies improve production processes and product quality.	The Institute of Horticulture creates cooperation projects with companies in the Zemgale region in order to promote innovation and the introduction of new technologies in the horticulture sector. These types of projects are related to the development of new plant varieties, improvement of processing technologies or organic farming practices. Offers education and training programs for companies in the Zemgale region to promote knowledge exchange and professional development in the field of horticulture. It can include both theoretical lessons and practical workshops and training courses.
16.	Institute of Agriculture Available: https://www.zzi.lbtu.lv/?mi=352	"Institute of Agriculture" is a structural unit of LBTU that conducts scientific research, selects perennial grasses and prepares the highest category seeds of the latest varieties, tests the economic properties of field plant varieties in conventional and organic agriculture, prepares young scientists in accordance with the doctoral program of LBTU. The institute educates farmers and other agricultural specialists, popularizes scientific knowledge, conducts soil and plant analyses.	Offers education and training programs for companies in the Zemgale region to promote knowledge exchange and professional development in the field of agriculture. The institute educates farmers and other agricultural specialists, popularizes scientific findings.
17.	MEKA – Forest and Wood Products Research and Development Institute Available: https://e-koks.lv/	The Latvian University of Biosciences and Technologies, JSC "Latvijas Valsts meži" and the Latvian Wood Industry Federation founded the commercial company SIA "Forest and Wood Products Research and Development Institute", abbreviated as MeKA.	MeKA's goal is to unite the forces of the university and industry entrepreneurs in order to increase the competitiveness of the forest industry in the Baltics. The basic task of MeKA is to competently and responsibly solve the issues of development of forest and wood products and improvement of professional education raised by the industry. Directions of action: <ul style="list-style-type: none"> • Research and development projects, • Services in the field of testing and applied research, • Continuing education measures and support for improving professional education.

18.	JSC "Latvian Development Financial Institution Altum" Available: https://www.altum.lv/	Altum promotes the growth of SMEs by offering loans, guarantees and venture capital. The institution administers government-backed programs, supports export initiatives and mitigates risks for financial institutions to promote lending to SMEs. The holders of ALTUM shares are the Ministry of Finance, the Ministry of Economy and the Ministry of Agriculture of the Republic of Latvia.	Available support: SME growth loan, Start-up loan, Small loans in rural areas, Enterprise energy efficiency and sustainability, Large investment loan with capital discount and additional loan Low-rent housing construction, War impact support, Energy efficiency loan with capital discount, Loans for digitization.
		State level institution.	Provides financial support.
19.	The Ministry of Welfare Available: https://www.lm.gov.lv/lv	The Ministry of Welfare provides policy directions and regulation that promote social welfare, employment, health, etc. The purpose of these measures is to improve working life conditions and promote business sustainability, including social and health issues. Grants the status of a social enterprise. The project "Support for social entrepreneurship", in cooperation with Altum. Available: https://www.lm.gov.lv/lv/par-projektu-0	The Ministry of Welfare, as the institution responsible for EU funds, carries out support planning for sectors within its competence in accordance with the "Guidelines of Social Protection and Labor Market Policy for 2021-2027" and the Guidelines for Children, Youth and Family Development 2022-2027. the goals set for the year.
		State level institution.	Deals with funding planning and administration.
20.	State Employment Agency (NVA) Available: https://www.nva.gov.lv/lv	The agency oversees state programs that offer financial incentives to employers to hire, train or retain workers, indirectly promoting employment and economic development. The role of the state employment agency is integral in connecting job seekers with employment opportunities and supporting businesses in their workforce needs, thus indirectly affecting the distribution of public funds allocated to employment and labor market initiatives.	Measures for starting a business or employment. The purpose of the event is to provide advisory and financial support measures that help start a business or self-employment and successfully operate in the chosen field for at least two years. Available: https://www.nva.gov.lv/lv/komercdarbibas-uzsaksana
		State level institution.	Grants financial support.

21.	<p>The Ministry of Environmental Protection and Regional Development VARAM</p> <p>Available: https://www.varam.gov.lv/lv</p>	<p>The Ministry of Environmental Protection and Regional Development (VARAM) is responsible for the management and use of various public funds and program funding to promote environmental quality, infrastructure modernization, regional development and urban planning throughout the country.</p>	<p>VARAM can be granted public funds in both national and European Union fund programs to finance various projects and initiatives related to environmental protection, regional development, infrastructure improvement and urban planning.</p> <p>The measures under the responsibility of VARAM with a total financing of EU funds of 869.3 million EUR and they are intended for the implementation of projects in the following areas of investment: Smarter Europe, Greener Europe, More Social Europe, Europe closer to citizens. VARAM, as the ministry responsible for EU funds, carries out support planning for sectors under its competence in accordance with the Digital Transformation Guidelines for 2021-2027; Environmental policy guidelines 2021-2027 and Regional Policy guidelines for 2021-2027.</p> <p>Available: https://www.varam.gov.lv/lv/2021-2027-gada-eiropas-savienibas-finansu-planosanas-periods</p>
		State level institution.	Deals with funding planning and administration.
22.	Municipalities	<p>The municipality assesses local needs, cooperates with relevant stakeholders and allocates state funds to programs that meet the municipality's development goals. The county municipality acts as the main intermediary between the national government and the local community, ensuring that public funding is directed to initiatives that contribute to the prosperity and development of the given municipality.</p>	<p>In Latvia, each municipality is responsible for managing and allocating resources to meet the specific needs and priorities of its community. The county municipality is involved in the decision-making process on the distribution of state funds for various local projects, services and initiatives, including those aimed at supporting entrepreneurship, infrastructure development, social welfare and education in the municipality.</p> <p>Support measures implemented by each municipality are discussed below.</p>
23.	<p>Zemgale Planning Region (ZPR)</p> <p>Available: https://www.zemgale.lv/lv</p>	<p>ZPR is involved in assessing regional development needs, formulating and coordinating strategies to allocate resources efficiently. ZPR advocates for regional priorities, aligning them with national policy, cooperating with national institutions to implement programs supporting economic development, infrastructure and various projects.</p>	<p>The task of ZPR includes facilitating the access of local entities, including small and medium-sized enterprises, to state and local government funding opportunities that meet the development goals of the region.</p>
		Regional level institution.	Provides consultative support.

24.	Zemgale business center (ZUC) Available: https://zuc.zemgale.lv/	ZUC serves as an important mediator and facilitator in the process of receiving public funding for companies in their region. ZUC operates in accordance with the amendments to the Law on Regional Development and the Regional Policy Guidelines adopted in the country from 2021 to 2027. ⁴³	Informs local businesses about available funding opportunities, provides guidance on application procedures and assists in project development. ZUC organizes an event honoring the Zemgale planning region "Entrepreneur of the Year in Zemgale".
		Regional level institution.	Provides consultative support.
25.	EDIC Zemgale contact point Green and smart technology cluster Available: https://www.digitallatvia.lv/edic-latvija/	The main task of the regional contact point is to ensure the provision of full-value information and services, promote awareness of support options, and ensure the availability of services.	Provides advisory support and develops Digital Development Roadmaps for entrepreneurs, so that the entrepreneur can receive financial support for the digitization of his company's processes.
		Regional level institution.	Provides consultative support.
26.	Jelgava city Available: https://www.jelgava.lv/	The municipality both provides financial support to SMEs and informs the residents of the municipality about the opportunities to apply for both financial and advisory support, taking into account the priorities and development plans of the industry in the cities. Promotes cooperation between support institutions and companies. The city of Jelgava cooperates with ZRKAC to implement financing support.	"Jelgava State City Municipality grant program "Support for merchants and economic operators"" gives entrepreneurs the opportunity to receive up to 10,000 euros of financial support from the municipality for the implementation of their project. Regulations available: https://www.jelgava.lv/wp-content/uploads/2023/09/Jelgavas_valstspilsetas_grantu_programmas_nolik_2022.pdf The "Impulss" social entrepreneurship idea competition of the municipality of Jelgava state city is organized with the aim of motivating entrepreneurs to focus on solving social problems important to the society and encouraging them to start social entrepreneurship in the city. Regulations available: https://www.zrkac.lv/dev_webadm/doc/NOLIKUMS_IMPULSS.pdf
		Local level institution.	Grants financial support.

⁴³Order of the Cabinet of Ministers of November 26, 2019 no. 587 "On Regional Policy Guidelines for 2021-2027". <https://likumi.lv/ta/id/310954>

27.	Zemgale Region Competence Development Center (ZRKAC) Available: https://zrkac.lv/en/	ZRKAC is a professional continuing education institution of the municipality of Jelgava state city, whose purpose is to provide a quality lifelong learning offer that meets the needs of the citizens of Jelgava city and the Zemgale region, and methodical, educational and informational support for formal and informal education institutions and educators.	ZRKAC provides consultations and organizes various events for entrepreneurs such as the Zemgale home manufacturers contact exchange and Mechatrons, and in cooperation with the city of Jelgava administers the financial support granted by the municipality. ZRKAC organizes an event honoring entrepreneurs of Jelgava state city. ZRKAC operates an equipped Coworking space for entrepreneurs. More information in the video - https://zrkac.lv/video.php?vid=896480988&album=2023 Provides advisory and financial support (see Chapter 9 for examples of good practice).
		Regional level institution.	Administers financial aid.
28.	Jelgava district Available: https://www.jelgavasnovads.lv/lv	With co-financing for business development, the municipality stimulates future entrepreneurs to believe in themselves and their business idea. The Entrepreneurs' Consultative Council of Jelgava Region operates to maintain an effective dialogue between the local government and local entrepreneurs of the sectors, to promote the exchange of opinions and to promote decision-making for the development of the business environment. The website of the municipality mentions the possibility to apply for LIAA Business Incubator and Altum support.	The municipality of Jelgava region provides consultations and organizes events for entrepreneurs, incl. Entrepreneurs Honoring events. Young entrepreneurs have the opportunity to participate in the contest "Be an entrepreneur in Jelgava county". The funding allocation of a total of 10,000 euros will allow each of the start-up capital recipients to implement a need of their business, so that the growth will be more successful. Available: https://www.jelgavasnovads.lv/lv/esi-uznemejs-jelgavasnovada
		Local level institution.	Grants financial support.
29.	Jēkabpils district Available: https://www.jekabpils.lv/lv	A separate section "Support for entrepreneurs" has been created on the website of the municipality, which includes information on state support, municipal support, LIAA business incubator in Jēkabpils, Jēkabpils businessmen's association, etc. state institutions related to business in Jēkabpils - https://www.jekabpils.lv/lv/atbalsts-uznemejim	The local government of Jēkabpils region provides consultations, organizes events for entrepreneurs, including the Entrepreneurs Honoring event. Local entrepreneurs have the opportunity to participate in the "Competition for starting and developing economic activity". Another form of support for entrepreneurs is application of the real estate tax discount for merchants https://www.jekabpils.lv/lv/jaunums/informacija-par-nekustama-ipasuma-nodokla-atvieglojumu-pieskirsanas-kartibu
		Local level institution.	Grants financial support.

30.	Bauska district Available: https://www.bauskasnovads.lv/lv	A separate section "Entrepreneurship in Bauska district" has been created on the website of the municipality, which includes current information for entrepreneurs in Bauska district. The Entrepreneurs of the Year Award is organized.	Implements support for business start-up and development "Implement your idea in Bauska district!" The maximum amount of co-financing per applicant: for a one-year project – up to 3,000 euros; for a two-year project – up to 5,000 euros, receiving funding of up to 3,000 euros in the first year and up to 2,000 euros in the second year. The competition "Remigration support event - "Return to Bauska district!"" to promote the desire of residents to return to Latvia.
		Local level institution.	Grants financial support.
31.	Business and competence development center of Bauska region Available: https://www.facebook.com/uznemejdarbiba/?locale=lv-LV	Business and competence development center of Bauska region provides business consulting and support, implements training programs and promotes overall business development in Bauska region.	The Entrepreneurship and Competence Development Center of the Bauska region provides advice to entrepreneurs and organizes events, including the event to honor the entrepreneurs of the region. As well as coordinating the Bauska region competition "Implementation of your idea in Bauska region!".
		Local level institution.	
32.	Dobele district Available: https://www.dobele.lv/lv	A separate section "Support for entrepreneurs" has been created on the website of the municipality, which includes current information on available municipal and state support and support institutions. The municipality of Dobele maintains the website "Dobeles dara" - https://www.dobeledara.lv/ .	Municipal support: Grant competition "Develop business in Dobele region", the total funding allocated to the competition in 2023 is EUR 12,000 - https://www.dobele.lv/lv/pasvaldibas-atbalsts gives tax credits, Available: https://www.dobele.lv/lv/media/1669/download?attachment The municipality offers training seminars and courses.
		Local level institution.	Grants financial support.
33.	Dobele Adult Education and Entrepreneurship Support Center (DPIUC) Available: https://pic.dobele.lv/lv/pakalpojumi/citi-pakalpojumi/	Educational support institution that provides informal education opportunities to all residents of Dobele district and Zemgale region.	Dobeles PIUC provides consultations and organizes trainings and events for entrepreneurs, including an event to honor entrepreneurs. The OPENLAB co-working space and photo studio operate in the premises of Dobele PIUC, where entrepreneurs have the opportunity to operate and develop their products.
		Local level institution.	Provides consultative support.

34.	Aizkraukle district Available: https://www.aizkraukle.lv/lv/	A separate section "Entrepreneurship" has been created on the website of the municipality, which includes current affairs of the region's business.	Businessmen's meetings are organized by the Business Support Center of the Aizkraukle region municipality with the aim of informing businessmen about current events, promoting acquaintance and mutual cooperation. Local entrepreneurs have the opportunity to apply to the business idea competition "Be an entrepreneur in Aizkraukle district".
		Local level institution.	Provides financial support.
35.	Business Support Center of Aizkraukles region Available: https://www.facebook.com/aizkraukle.lv/	The Business Support Center of Aizkraukles region is an institution that provides various services and support to entrepreneurs and business development in Aizkraukles region.	Business Support Center of Aizkraukles region provides consultations and organizes events, including an event honoring entrepreneurs. Coworking space is also available for entrepreneurs. The center administers the contest "Be an entrepreneur in Aizkraukle district".
		Local level institution.	Provides consultative support.
36.	Confederation of Latvian Employers (LDDK) Available: https://lddk.lv/en/	An organization that represents entrepreneurs and employers in Latvia. LDDK assumes a role in the development of the labor market and actively participates in solving social and economic issues, defending the interests of entrepreneurs.	As a social partner, LDDK is involved in discussions about changes in labor legislation and provides a platform where entrepreneurs can express their opinions and concerns.
		State level institution.	Provides consultative support.
37.	Latvian Chamber of Commerce and Industry (LCCI) Available: https://www.ltrk.lv/	LCCI acts as a company representative body and provides support services. Although it is not directly involved in the distribution of funds, it plays a crucial role in disseminating information about funding opportunities, organizing events and promoting the participation of companies in projects.	LCCI has diverse and long-term experience in the implementation of various EU fund projects, both at the local and EU level - this experience has been mainly gained through Interreg programs, Erasmus +, Horizon Europe and other EU fund programs. ⁴⁴ The benefit for companies is the reduced administrative burden, as there is no need to prepare project applications and reports. As a result, companies can participate in the events and activities of their interest for free or by covering the part of the participant's co-financing. Together, LCCI is the contact point of the EEN network in Latvia. https://www.ltrk.lv/lv/een_ltrk LTRK issues ATA cornets to entrepreneurs, which are international customs document for facilitated temporary importation of exhibition exhibits, product samples, professional equipment and other goods specified in conventions abroad.
		State level institution.	Provides consultative support.

⁴⁴LTRK, EU PROJECTS, available:<https://www.ltrk.lv/lv/ESPD>

38.	Social Entrepreneurs hip Association of Latvia (SEAL) Available: https://sua.lv/	SEAL is an organization that promotes and supports social entrepreneurship in Latvia.	Provides advice and support to social entrepreneurs and members. As well as taking care of the overall social entrepreneurship ecosystem in Latvia. The association's role is crucial in supporting policies that promote social entrepreneurship and providing guidance to social enterprises seeking financial support.
		State level institution.	Provides consultative support.
39.	Society "Zemgale Tourism Association" Available: https://www.travelzemgale.lv/	ZTA is an organization that deals with the development and promotion of tourism in Zemgale. The main tasks of the association are the development of tourism products and offers, marketing and advertising campaigns, development of tourism infrastructure, provision of tourism information and services and cooperation with other organizations and participants of the tourism industry.	Although the association does not provide financial support to companies, its goal is to promote a favorable environment for tourism business, thus it is in its interest to provide advisory support to companies.
		Regional level institution.	Provides consultative support.
LOCAL LEVEL BUSINESS ASSOCIATIONS			
Local business associations or groups often play a crucial role in representing the interests of businesses in their region. These organizations can promote communication, cooperation and information exchange between local companies, helping them to navigate the available funding opportunities and providing input to the authorities on the specific needs of the Zemgale region's business community.		Although associations do not directly distribute public funding, they can serve as important intermediaries between businesses and relevant authorities, advocating for local economic development needs and influencing the decision-making process related to the allocation of public funding.	
		Provides consultative support.	

The business environment of the Zemgale planning region consists not only of the previously described institutions (see Figure 3.1), which deal with planning or administration of public funding, but also various levels of support institutions. Entrepreneurs in Zemgale have access to a multifaceted business support environment with a wide network of business support institutions, a network of professional and sought-after research resources, initiatives of business associations and business support in municipalities.

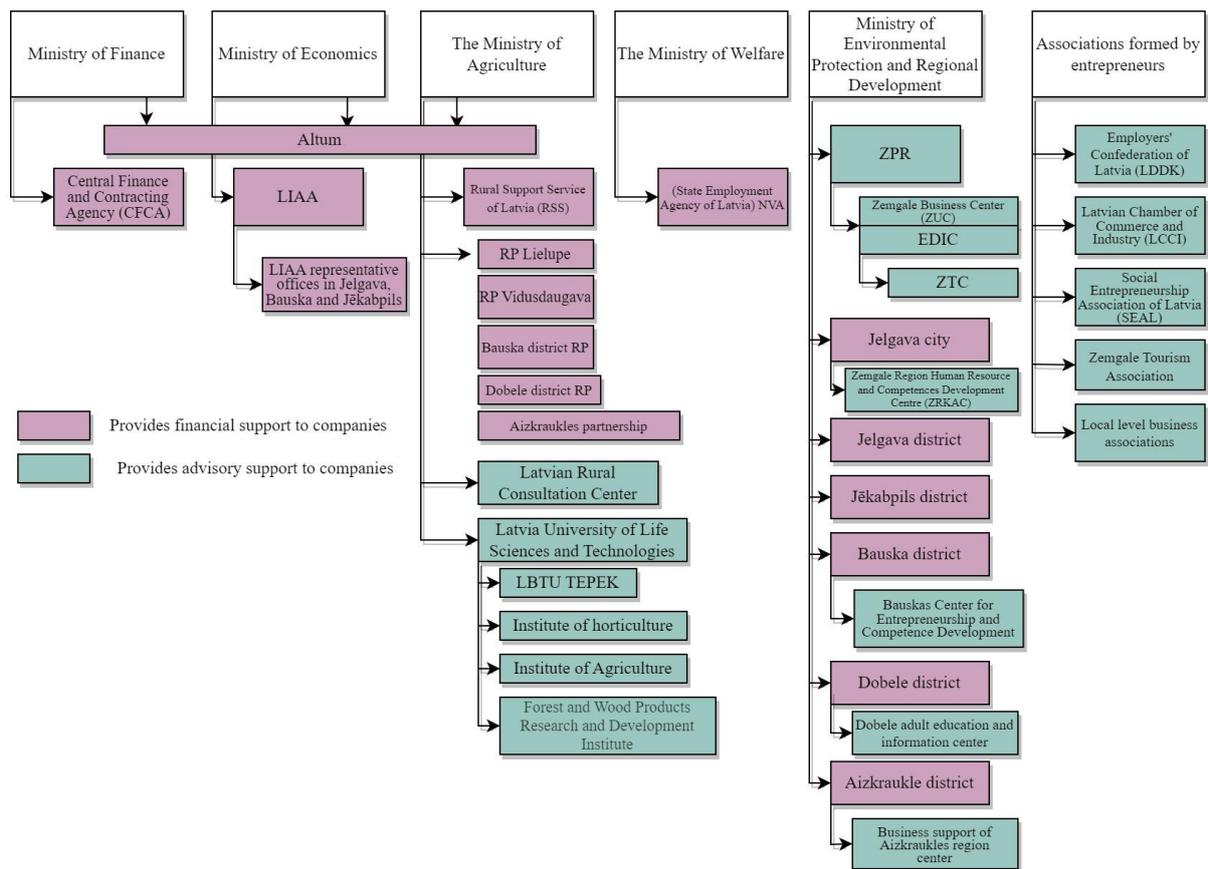


Figure 3.1. Schematic representation of the main participating institutions of the Zemgale Planning Region

The support institutions of Latvia and the Zemgale planning region use several tools, channels and methods to disseminate information about the EU and public tenders and promote the participation of businessmen in EU structural funds, investment funds and other publicly funded projects. In order to reach the target audience as effectively as possible, the institutions are already using the most relevant communication and information distribution channels for today's digital environment - the institutions' websites, informative seminars and discussions (both in person and online), social media, examples of good practice in the media, and it is also encouraged cooperation with business organizations that distribute information through their information channels.

Institutions use the most relevant communication and information dissemination channels for today's digital environment - institutions' websites, informative seminars and discussions (both in person and online), social media, examples of good practice in the media, and cooperation with business organizations that distribute information through their information channels.

Likewise, institutions use various methods to convey current information more efficiently and in a more user-friendly manner through current information channels. Text format is most often used to convey information (news on websites, social media posts, tutorials and guidelines), however, video format is also relevant, which provides advantages such as easier comprehension and attracting attention.

Application procedures for some tenders and projects can be carried out electronically, using specially developed electronic application systems, which allow applying projects online and contribute to the efficiency and transparency of the application process. As can be seen in Figure 3.2, the Central Finance and Contracts Agency has developed its own electronic project submission system. Such or similar electronic application systems are used in Latvia by such institutions as CFCA, Altum, LIAA and LAD.

Figure 3.2. Illustrative example of CFCA's electronic application system

It is essential that such an electronic application system is supported by application completion methodology and guidelines or a handbook that provides a general description of the system and instructions for use. The electronic application system provides advantages such as accessibility and ease of filling out the application, administrative expenses are reduced, as the system automates many procedures, such as document submission and verification. In addition, filling out the application is faster and more efficient, transparency and easy traceability are ensured, as all submitted documents and actions are saved, which allows you to easily track the status of applications. Considering these benefits, it is recommended to implement the electronic application system in municipalities where applications are currently submitted in paper format.

A general overview of the types of policy documents and regulatory acts at different levels (national, regional and local) in Latvia and Zemgale, which may affect the availability of public funding for SMEs, is available in Table 3.2.

Table 3.2

Policy documents and key regulatory acts at the national, regional and local levels that may affect the availability of public funding for SMEs

No.	Document title	Document type	Document description
NATIONAL LEVEL			
1.	European Union Funds Management Law for the 2021-2027 planning period LV: https://www.esfondi.lv/normativie-akti-un-dokumenti/2021-2027-planosanas-perioda/eiropas-savienibas-fondu-2021-2027-gada-planosanas-perioda-vadibas-likums	National multi-fund program for cooperation with the EU structural fund and investment fund implementation.	The purpose of this law is to ensure the implementation of European Union funds in Latvia that is efficient, transparent and in accordance with the principles of proper financial management. The law determines the rights and obligations of the institutions involved in the management of European Union funds and the recipient of funding, the procedures for making, challenging and appealing decisions of the institutions involved, as well as the conditions for granting funding from European Union funds and the amount of the state budget co-financing rate.

2.	<p>The National Development Plan of Latvia 2021-2027 for the year</p> <p>LV:https://pkc.gov.lv/sites/default/files/inline-files/NAP2027_apstiprin%C4%81ts%20Saeim%C4%81_1.pdf</p> <p>ENG:https://www.pkc.gov.lv/sites/default/files/inline-files/NAP2027_ENG_2.pdf</p>	Medium-term territory development planning document	<p>The National Development Plan determines the largest state budget investments in the development of Latvia and improvement of people's quality of life over a 7-year period. It includes the country's development priorities, goals and investment directions, as well as planned reforms and policy changes. The plan is implemented mainly with public resources, it is also supported by private and municipal funding, as well as foreign financial assistance. European Union fund resources are also an investment in the future of Latvian citizens, supporting and co-financing the implementation of the National Development Plan (goals).</p> <p>Priority "Competitiveness of companies and material welfare" PRIORITY OBJECTIVE [184] As a result of the innovation, an increase in productivity has been achieved as a basis for the growth of Latvian companies in the global market and an increase in material well-being.</p> <p>Courses of action: Productivity, innovation and exports; Work and income; Capital and business environment.</p>
3.	<p>European Union Cohesion Policy Program for 2021-2027</p> <p>LV: https://www.esfondi.lv/normativie-akti-un-dokumenti/2021-2027-planosanas-periods/eiropas-savienibas-kohezijas-politikas-programma-2021-2027-gadam</p>	Medium-term territory development planning document	<p>The Cohesion Policy Program is a strategic EU document that sets directions and goals for economic development and the use of resources in regions and member states. The aim of such a program is to reduce development disparities and promote sustainable growth. The document includes specific measures and initiatives aimed at supporting entrepreneurship, including small and medium-sized enterprises (SMEs).</p> <p>Political objectives: SAM No. 1 A more competitive and smarter Europe, promoting innovative and smart economic changes and regional ICT connectivity; Priority 1.2 "Support for business" 1.1.2.SAM "Development of skills for the promotion of smart specialization, industrial transition and entrepreneurship" (RSO 1.4.) 1.2.1. SAM "Strengthening research and innovation capacity and introduction of advanced technologies for companies" (RSO 1.1.) 1.2.2. SAM "Using the advantages of digitization for business development" (RSO 1.2.) 1.2.3. SAM "Promote sustainable growth, competitiveness and job creation for SMEs, including through productive investments" (RSO 1.3.) SAM No. 2 A greener and more sustainable Europe with low carbon emissions, with a transition to a carbon-free economy in net terms, promoting a just transition to clean energy, "green" and "blue" investments, circular economy, climate change mitigation and adaptation, risk prevention and governance and sustainable mobility in urban environments. SAM No. 5 Bringing Europe closer to citizens by promoting the sustainable and integrated development of all types of territories and local initiatives. SAM no. 6 Fair transition fund investments.</p>

4.	<p>Latvian sustainable development strategy until 2030</p> <p>LV: https://www.mk.gov.lv/iv/media/15129/download?attachment ENG: https://www.pkc.gov.lv/sites/default/files/inline-files/LIAS_2030_en_0.pdf</p>	<p>Long-term territorial development planning document.</p>	<p>The sustainable development strategy of Latvia is the hierarchically highest national development planning document, in which the stated long-term development goals, priorities and spatial development perspective of the country are implemented by implementing subordinate development policies of sectors and territories.</p> <p>4. Innovative and eco-efficient economy Goal: To become one of the EU leaders in terms of the spread of innovative and exporting companies. Priority long-term directions of action: 173. User-driven innovations; 174. Practice of open innovation; 175. Innovative business;</p>
5.	<p>Guidelines of the National Industrial Policy for 2021-2027</p> <p>LV:https://likumi.lv/ta/id/321037-par-nacionalas-industrialas-politikas-pamatnostadnem-2021-2027-gadam</p>	<p>Medium-term territory development planning document</p>	<p>The guidelines are a strategic document that defines the state's goals and directions for industrial development. They include a description of a series of objectives, policies and specific measures that will promote industrial development and sustainable economic growth. The document includes objectives regarding the development and competitiveness of the industrial sector, measures that promote innovation, export, and business growth, as well as plans for resource use and environmental sustainability in industrial processes.</p> <p>1.2. Course of action: BUSINESS ENVIRONMENT FOR EXPORT CAPACITY 1.2.1. Policy result (PR): Increase in export capacity of companies; 1.2.2. Policy Outcome (PR): Improving the competitiveness of the business environment, the best place to start a business.</p> <p>1.3. Direction of action: INFRASTRUCTURE Policy Outcome (PR): Increase in business productivity.</p> <p>1.4. Action line: INNOVATION Policy Outcome (PR): Increase in innovation capacity.</p> <p>1.5. Course of action: Financial availability (PR): Capital market development in Latvia</p>
6.	<p>Smart Specialization Strategy 2021-2027</p> <p>LV:https://likumi.lv/ta/id/321037-par-nacionalas-industrialas-politikas-pamatnostadnem-20212027-gadam</p>	<p>Medium-term territory development planning document</p>	<p>Smart specialization strategy (Research and Innovation strategy for smart specialization - RIS3) is a national-scale research and innovation strategy for the transformation of the national economy towards higher added value and greater resource efficiency, which provides for the constant finding of competitive advantages, the selection of strategic priorities and the creation of policy instruments that maximize the country's knowledge-based development potential and promotes sustainable economic development.</p> <p>Taking into account the prospective directions of economic transformation and economic development priorities, five areas of RIS3 have been defined in Latvia:</p> <ol style="list-style-type: none"> 1. knowledge-intensive bioeconomy; 2. biomedicine, medical technology, pharmacy; 3. photonics and smart materials, technologies and engineering systems; 4. smart energy and mobility; 5. information and communication technologies.

7.	Regulations on state support for agriculture LV: https://likumi.lv/doc.php?id=263434	Regulations of Minister Cabinet	The regulations determine measures for state support for agriculture and rural development, the amount of support, as well as the procedures and criteria for its allocation.
REGIONAL LEVEL			
8.	ZPR Sustainable Development Strategy 2015 – 2030 LV: https://www.zemgale.lv/lv/media/97/download?attachment EMG: https://www.varam.gov.lv/sites/varam/files/02_zemgale_eng.pdf	Medium-term territory development planning document	<p>The goal of the sustainable development strategy is to create and promote sustainable development, ensuring a balance between solutions to economic, social and environmental issues. Such strategies are usually designed to address existing problems and prevent future negative impacts on society, the economy and the environment.</p> <p>The economic profile of the Zemgale planning region covers four main areas of specialization (2.1.):</p> <ol style="list-style-type: none"> 1. Bioeconomy, agriculture and processing of its products. 2. Management of natural resources (forests and minerals). 3. Manufacturing industry as a specialization of cities. 4. Tourism and crafts as a brand of the region's identity. <p>Long-term development priorities of the Zemgale planning region in 2030:</p> <p>P1: Zemgale – a region with a developed bioeconomy, agriculture and local resource-based food industry and crafts</p> <p>Horizontal priority: Education, science, innovation and ICT</p> <p>In the future, the entrepreneur should be strengthened and mutual cooperation of scientists in the implementation of innovative methods and technologies, as well as Zemgale educational institutions - especially higher and professional education flexibility and specialization of the offer according to the economic profile of the region and labor market demand.</p>
9.	ZPR Development Program 2021-2027 LV: https://www.zemgale.lv/lv/media/98/download?attachment	Medium-term territory development planning document	<p>The development program includes information on planned events and initiatives to promote development in the Zemgale region. The development program includes goals regarding territorial development, economic growth or other aspects of development, plans for the use of resources, including the distribution of financial and other resources for the implementation of projects and programs.</p> <p>Priorities related to business:</p> <p>P3 Priority Enterprise growth and competitiveness</p> <p>Priority goal: To organize the business ecosystem and infrastructure, to promote knowledge transfer and innovation in Zemgale's economic specialization and RIS 3 sectors and to increase the competitiveness of Zemgale's entrepreneurs in global markets.</p> <p>Courses of action:</p> <p>RV 3.1. Development of an attractive environment for business and arrangement of infrastructure;</p> <p>RV 3.2. Knowledge transfer and technology transfer in the Zemgale economic specialization and RIS 3 sectors;</p>

			<p>RV 3.3. Capacity building in investment and financial capital attraction;</p> <p>RV 3.4. Attracting human capital, strengthening entrepreneurship and open innovation competencies (including in tourism);</p> <p>RV 3.5. Promote competitiveness in the local and global market;</p> <p>RV 3.6. Promoting the offer and competitiveness of tourism products and services.</p>
LOCAL LEVEL			
10.	<p>Aizkraukle region Development program for 2021-2028</p> <p>LV: https://www.aizkraukle.lv/lv/media/1648/download</p>	Medium-term territory development planning document	<p>The Action Plan of the development program includes certain measures, activities, the implementation of which fulfills the tasks set out in the Strategic Part and achieves the set long-term and medium-term settings for the development of the territory of Aizkraukle region. The action plan specifies the measures and activities for the execution of the tasks, the persons responsible for the execution of the measures, the deadline or period of execution, financial resources and output performance indicators.</p> <p>Priority: SM 2 Develop entrepreneurship in the city and the countryside.</p> <p>Courses of action:</p> <p>RV 7.1 Arrangement of the environment necessary for business;</p> <p>RV 7.2 Development of human capital and promotion of entrepreneurship;</p> <p>RV 7.3 Promotion of competitiveness and exportability;</p> <p>RV 7.4 Development and diversification of tourism infrastructure and services;</p>
11.	<p>Bauska County Development Program for 2022-2028</p> <p>LV: https://www.bauskasnovads.lv/lv/media/2791/download?attachment</p>	Medium-term territory development planning document	<p>The development program of Bauska county for 2022-2028 is a medium-term territory development planning document, which defines medium-term priorities and a set of measures for the implementation of the long-term strategic settings set forth in the sustainable development strategy of Bauska county until 2035. The development program is the basis for the purposeful planning of actions and investments of the municipality of Bauska region and attracting all kinds of investments.</p> <p>Strategic objective:</p> <p>SM2 To promote the economic growth of the county and the development of human capital</p> <p>Long-term priority:</p> <p>IP 3 Dynamic business environment, human capital potential and mobility</p> <p>Medium-term priority:</p> <p>VTP7 Growing development environment for an entrepreneur /entrepreneurship/</p>
12.	<p>Dobele region development program for 2021 - 2027</p> <p>LV: https://www.dobele.lv/lv/media/5259/download?attachment</p>	Medium-term territory development planning document	<p>The Development Program of Dobele district for 2021-2027 is a medium-term territorial development planning document, which defines medium-term priorities and actions that the municipality has committed to implement for the purpose of sustainable, integrated and coordinated development of the county. The development program was developed in accordance with the sustainable development strategy of the Dobele region for 2021-2045 and by</p>

			<p>evaluating the planning documents of the national level, the planning region of Zemgale and the neighboring municipalities (Jelgava, Tukuma, Saldus region).</p> <p>Strategic objective: SM2 – Economically strong county</p> <p>Medium Term Priority (MTP): VTP2 - Dynamic business environment. To provide existing and potential new entrepreneurs with a suitable environment for business and its development, which ensures the availability of jobs (including well-paid ones) in the territory of the county and promotes the achievement of economic independence of the county. The county is convenient for working and doing business.</p> <p>Courses of action: RV9 Business development; RV10 Employment development; RV11 Tourism.</p>
13.	<p>Development program of Jēkabpils region for 2021-2027</p> <p>LV:https://geolatvija.lv/geo/tapis#document_22407</p>	Medium-term territory development planning document	<p>Jēkabpils district development program for 2021-2027 is a medium-term territory development planning document, which serves as a guideline for the development of the county's development policy, the development of operational plans of various municipal institutions, the preparation of the municipal budget and the attraction of investments.</p> <p>Strategic objective: SM2 Environment supporting economic activity and sustainability</p> <p>Long-term priorities: IP3 Business promotion; IP4 Environmentally friendly management.</p> <p>Courses of action: RV15. Involvement of the municipality in the development of priority production areas; RV16. Promotion of business creation and development; RV17. Attracting investors; RV18. Involvement of the county's image in tourism marketing activities; RV19. Promoting the development of tourism infrastructure and services. RV20. Increasing energy efficiency; RV21. Wider use of renewable energy resources; RV22. Creating a climate-friendly transport infrastructure. RV23. Development of water supply and sewage system infrastructure; RV24. Improvement of waste management</p>
14.	<p>Jelgava State City and Jelgava County Development Program for 2023-2029</p> <p>LV:https://geolatvija.lv/geo/tapis#document_28435</p>	Medium-term territory development planning document	<p>The Development Program of Jelgava State City and Jelgava district for 2023-2029 is the first joint territory development planning document of Jelgava State City and Jelgava district Municipality, which defines the mid-term priorities, action directions and tasks of the city and county.</p> <p>Strategic objective: SM3 Economic development, introduction of knowledge, technology and innovations.</p> <p>Mid-term priorities: VP3: Stable, creative and sustainable economy</p> <p>Courses of action: RV7 Competitive, creative and climate-neutral business and industrial development Tasks: 7.1. Improve support for the business environment; 7.2. Develop infrastructure according to business needs.</p>

15.	Jelgava district Business support Integrated development plan LV: https://www.jelgava.snovads.lv/lv/media/303/download?attachment	for 2018 - 2028	Along with the development of the Business Support Development Plan of Jelgava district for 2018-2028, the county council emphasizes the essential role of entrepreneurship for the stable development of the county and defines the tasks that must be performed to ensure the stability of business development. Action plan: RV1 Establishment of the Intellectual Resources Board in Jelgava county for business development; RV2 Development of knowledge-based entrepreneurship in Jelgava region; RV3 Creation of a support system for local products and services.
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Political documents aimed at promoting the development of small and medium-sized enterprises (SMEs) are of decisive importance in Latvia and the Zemgale region. These policies typically outline financial support mechanisms, educational initiatives, and regulatory simplification to stimulate entrepreneurial activity. These can include subsidies, loans to businesses and training programs to improve skills and facilitate access to resources. In addition, policies can promote innovation and technological development by offering financial support for research and development. Improving market access, both domestically and internationally, is another focal point, often linked to trade agreements and export promotion. Effective communication between government, business and other stakeholders is highlighted to ensure mutual understanding of needs and challenges, fostering collaborative solutions. Adapting these policies to the regional characteristics of Zemgale is essential in solving local problems and opportunities to promote sustainable economic growth, employment and general business development.

Emphasis is placed on simplifying regulatory acts and administrative processes in order to create a more favorable environment for business.

3.2. Characteristics and role of the Policy instrument

The purpose of this chapter is to offer a comprehensive policy tool - the Development Program of the Zemgale planning region⁴⁵- research, focusing on their role in promoting cooperation and communication with small and medium-sized enterprises (SMEs) in the Zemgale region. The primary goal of the research is to improve the dissemination of information about public tenders and to promote the participation of SMEs in projects financed by EU structural funds and investment funds and other sources of public funding.

ZPR is responsible for the development and implementation of the region's Sustainable Development Strategy (2015-2030) and regional development program (2021-2027). The sustainable development strategy and development program of the Zemgale planning region are regional policy development planning documents that serve as guidelines for the implementation of regional development planning documents and the development of regional local development planning documents. The development program of the Zemgale planning region for 2021-2027 is a medium-term strategic document of the Zemgale planning region, developed for the period from 2021 to 2027.

Development program provide comprehensive information on the region's resources, development trends, strategy, economic specialization, priority sectors, indicators and action plans.

⁴⁵ZPR Development Program. Available:<https://www.zemgale.lv/lv/zpr-attistibas-programma-2021-2027>

The development program of the Zemgale planning region covers the characteristics of the population structure, functional development zones, relation to state planning documents, implementation and monitoring procedures, as well as the development program includes various annexes with maps and plans related to regional development.

The economic profile of the planning region defines four main areas of specialization (RIS3):

- knowledge-intensive bioeconomy with an emphasis on the use of agricultural potential and the processing of its products;
- management of natural resources (forests and minerals);
- manufacturing industry as urban specialization;
- tourism and crafts as a brand of regional identity.

The aim of the Zemgale planning region is to promote the growth and competitiveness of small and medium-sized enterprises (SMEs) with the help of various measures. This goal is included in one of the priorities of the ZPR Development Program.

P3 Priority Enterprise growth and competitiveness

Priority objective: Organize the business ecosystem and infrastructure, promote knowledge transfer and innovation in the specialization and RIS 3 sectors of the Zemgale economy and increase the competitiveness of Zemgale entrepreneurs in global markets.

To achieve this, the region has developed several lines of action:

RV 3.1. Development of an attractive environment for business and arrangement of infrastructure;
RV 3.2. Knowledge transfer and technology transfer in the Zemgale economic specialization and RIS 3 sectors;
RV 3.3. Capacity building in investment and financial capital attraction;
RV 3.4. Attracting human capital, strengthening entrepreneurship and open innovation competencies (including in tourism);
RV 3.5. Promote competitiveness in the local and global market;
RV 3.6. Promoting the offer and competitiveness of tourism products and services

In the planning process, it was identified that infrastructure improvement is needed to promote business development and investments (RV 3.1), therefore the planning region has developed the mobility plan of the Zemgale region for 2021-2030⁴⁶, which includes road, communication, energy and digital infrastructure improvement opportunities for the period from 2021 to 2030.

The aim of the region is to support the development of social entrepreneurship by identifying and consolidating the resources available in municipalities to support social enterprises.

The task of this line of action is to strengthen the capacity and cooperation of business support institutions, improving the quality and diversity of the services provided in the region (R.3.1.2.), which includes organizing training, internships and networking events. It is also important to introduce a unified approach to working with entrepreneurs - creating a platform, exchanging information and events, etc. activities. The parties involved in the implementation of this action are municipalities, business support institutions, business associations, ZPR, ZUC, DIC (IT cluster, LBTU), which have already been identified in the previous chapter.

It has also been identified that an effective knowledge and technology transfer system between companies and educational institutions is essential (RV 3.2). It is necessary to create cooperation

⁴⁶Zemgale region mobility plan 2021-2030, available: <https://www.zemgale.lv/lv/zemgales-regiona-planosanas-dokumenti>

platforms between companies, scientific-research institutions and educational institutions in order to promote the exchange and cooperation of knowledge and technology. The development program emphasizes the need to develop mechanisms and tools that promote investment attraction and access to capital for companies (RV 3.3.). The participants involved in the implementation of this process are municipalities, business support institutions, business associations, ZPR, ZUC, DIC (IT cluster, LBTU). In order to implement it, it is necessary to strengthen the capacity of local government entrepreneurs for the preparation of financial attraction applications for private investors, local governments, state and EU financial support programs, incl. for attracting large and strategically important projects. Institutions involved in the implementation are ZUC, business support institutions, municipalities, LIAA representative offices in Jelgava and Bauska, EDIC, LLKC, LLU. The development program mentions that the necessary actions to implement the specific course of action are the provision of training and consultations for support programs and financial attraction instruments, as well as the popularization of financial attraction tools and solutions.

The development program emphasizes the need to develop human capital by promoting entrepreneurial skills and innovation capacity (RV 3.4). The aim of the course of action is to attract labor to the region, strengthen the capacity of human resources and preserve longer working capacity, which is planned to be achieved by attracting and training highly qualified labor in the region, remigration support measures and strengthening entrepreneurship and open innovation competencies in the region, for longer preserving working capacity.

Direction of action RV 3.5. foresees that it is necessary to promote the competitiveness of companies in the local and global market. In order to achieve this, it is necessary to promote the cooperation and competitiveness of local producers, as well as to promote the acquisition of international markets by entrepreneurs, incl. coordinating participation in trade missions and exhibitions. In order to achieve these goals, companies need to attract additional funding, therefore the communication of ZPR institutions should be focused on emphasizing these advantages and needs. The development program separately emphasizes the promotion of the competitiveness of tourism products and services (RV 3.6.)

The document mentions the promotion of social entrepreneurship and the mobilization of resources to support social entrepreneurship (R 3.1.3). This indicates that SMEs, together with other stakeholders such as municipalities, business support institutions and business associations, are involved in the development of policies related to social entrepreneurship.

The involvement of SMEs is highlighted in the coordination of regional projects. This shows that SMEs are actively participating in the development and implementation of projects related to various sectors, including business, crafts and local production. The evaluation and compilation of industry guidelines of the planning region is also mentioned. This means that SMEs are consulted and their perspectives are taken into account when creating policies and guidelines for different sectors.

The goal of the 3rd priority of the ZPR Development Program is to organize the business ecosystem and infrastructure, promote knowledge transfer and innovation in Zemgale's economic specialization and RIS 3 sectors, and increase the competitiveness of Zemgale's entrepreneurs in world markets.

The vision for 2027 is a region with a competitive economy, a modern business environment, an increase in exports in the specialized sectors of the Zemgale economy and a supportive business environment.

In general, SMEs play a crucial role in policy making, providing input, knowledge and feedback on various economic and social issues. Business involvement ensures that policy is tailored to the needs and challenges of small and medium-sized enterprises.

The need to improve the existing policy instrument becomes evident when faced with certain problems. Inefficiencies in information

dissemination can hinder policy effectiveness. This could be due to outdated communication channels, lack of targeted information or insufficient resources dedicated to the distribution process. Furthermore, if the participation rate of SMEs remains low despite the available funding, this suggests that current policies may not be conducive to their involvement.

A proactive approach to policy improvement includes solving these challenges and adapting the tool to the dynamics of the business environment in the Zemgale region. Improvement strategies could include the integration of modern communication technologies to improve the reach and availability of information, cooperation with local business associations, creation of feedback mechanisms to gather SME input, ensure adaptation to changing SME needs and changing financing opportunities.

Finally, through a nuanced examination of the policy instrument, its functions and the challenges it faces, improvements can be strategically implemented. By modernizing communication channels, promoting cooperation with interested parties and maintaining a dynamic approach through regular revisions, the policy instrument in the Zemgale region can be improved so that it better meets its goal of promoting cooperation, communication and participation of SMEs in EU-funded projects and other public financing initiatives.

Rapid technological change can affect a variety of industries, including agriculture, manufacturing and services. If the existing program does not include strategies for leveraging technological advances, it may fall behind in supporting innovation and competitiveness. This could include creating funding mechanisms for digital transformation, offering training programs on new technologies, or fostering collaboration between local businesses and technology innovators.

The policy instrument plays a key role in promoting communication with small and medium-sized enterprises in the Zemgale region. The current policy aims to streamline the process for SMEs to communicate relevant information about public invitations and funding opportunities. However, it is very important to test the effectiveness of existing channels and mechanisms to ensure that information is easily accessible to the target audience.

One key aspect is the promotion of effective information dissemination.

Recommendations for the improvement of the ZPR Development Program

One of the main obstacles of companies in attracting public funding is the limited resource capacity of companies, therefore one of the action directions or tasks of the development program should be increasing and promoting the internal capacity of companies. Companies need to offer financial or advisory support to overcome the lack of internal capacity.

ZPR is recommended to strengthen feedback mechanisms by obtaining systematic feedback from SMEs in order to continuously improve financing processes and adapt the regional development program to the changing needs of the business sector.

The problems of the companies' capacity are associated with the obstacle for companies to understand the often complicated language of the public funding application, therefore it is recommended to introduce measures/training in the development program aimed at rational explanation of the application process.

Taking into account the common European and Latvian trends in digitalization issues, ZPR is recommended to include more focused initiatives in the field of SME digitalization in the development program.

The ZPR Development Program currently does not include specific directions of action in the field of improving communication with SMEs, therefore it is necessary to emphasize the importance of regular communication and systematic feedback.

Fluctuations in funding of EU fund projects show the need to use the funds effectively, aligning them with the country's development priorities and ensuring sustainability.

3.3. Cooperation (and communication) with business organizations and SMEs, main administrative tools and methods, access to financing.

Purpose of cooperation and communication

The primary goal of cooperation and communication between state institutions, business organizations and merchants, especially in connection with the participation of merchants in public tenders, is to promote transparent, fair and efficient cooperation between the public and private sectors.

The goal is to create an environment in which businessmen can actively participate in public funding distribution processes, contribute to economic development and ensure efficient distribution of public resources.

The main tasks of state institutions:

- **Dissemination of information:** public authorities are responsible for providing clear and comprehensive information about upcoming public calls, including project details, eligibility criteria and submission requirements.
- **Management and support:** public authorities should offer guidance and support to businesses throughout the application process. This may include workshops, training and assistance in understanding legal and procedural aspects.
- **Ensuring fair competition:** public authorities play a crucial role in ensuring fair competition by setting transparent evaluation criteria, conducting objective evaluations and preventing conflicts of interest.
- **Legal compliance:** public authorities must ensure that all public invitations and procurement processes comply with relevant laws, regulations and EU directives, promoting legal compliance and accountability.

Main tools and methods

Official websites: Effective communication is facilitated through various channels, including official websites.

The websites publish descriptions of funds and support programs, application forms and instructions, information on project evaluation, financial and public reports, information on opportunities to receive consultations.

See Chapter 6 for references to ZPR stakeholders' websites

Seminars and discussions

Support institutions organize workshops and seminars to educate companies about the procurement process, legal requirements and best practices for successful participation in public funding tenders.

FM, EM, ZM, LM, VARAM

Altum, CFCA, LIAA, RSS, LCCI, NVA, SEA:, Partnerships

ZPR, ZUC, EDIC

Examples of good practice in the media: to promote business engagement and awareness of funding opportunities

Example: Delfi.lv article "10 Latvian start-up success stories that you must know", available at: <https://www.delfi.lv/business/44467736/tehnologijas/51268769/10-latvijas-jaunuznemumu-veiksmes-stasti-kas-sure-knows>

Altum, LIAA

Municipal media

LIAA representative offices

Social media: State and local government institutions, business support institutions regularly use social media platforms to spread information about current opportunities to apply for financial support.

Example: Facebook page of the Rural Support Service, available: <https://www.facebook.com/LADLatvija/>

Social media is used as a communication method by all ZPR interested institutions.

Informative materials and manuals

In order to implement effective remote support for companies, a useful tool is the guidelines, manuals and other informative materials developed by the institutions, which are usually available on the websites of the institutions.

**FM, EM, ZM, LM,
VARAM**

**Altum, CFCA, LIAA,
RSS, partnerships**

Electronic application systems

Effective communication is facilitated through various channels, including official websites.

The websites publish descriptions of funds and support programs, application forms and instructions, information on project evaluation, financial and public reports, information on opportunities to receive consultations.

**CFCA,
ALTUM, LIAA
and RSS**

Many business success stories and calls for funding are published on social media accounts such as Facebook, Twitter, Instagram. Videos of discussions, seminars and instructions are available on the social media channel YouTube, e.g. [Altum Youtube account](#). Titled video series stand out in particular [ALTUM stories of courage](#), which brings together the stories of entrepreneurs from various industries about starting or expanding a business.

There is also an active and visually appealing YouTube channel [LIAA](#). Using this channel, the public is informed about the possibilities of applying to incubation programs, trainings, examples of good practice and other events.

Representatives of institutions and companies regularly participate in podcast recordings, such as the show [Krustpunktā](#) or in a broadcast [DIGITAL](#). The LIAA-produced podcast “[ENTREPRENEURSHIP](#)”, which collects examples of good practice of LIAA representative offices, inviting entrepreneurs who participate in or have graduated from Incubation programs to a conversation.

Examples of good practice in the media. One of the most active institutions that is often seen in social media is Altum. For instance, ["Latvian startup 'Supliful' agrees on a loan of up to 2 million euros"](#). Likewise, Altum especially emphasizes support for social enterprises, highlighting the importance of social enterprises in society - [video](#);

Various support materials are available on the Altum website to help companies with the application process. For example, Altum has developed [for use of the mans.altum.lv electronic application system for consumables](#). All consumables are available in the section [Documents](#).

Community and group correspondence

Group chats on apps like SLACK and WhatsApp can play a vital role in effective and quick communication. Group mailings provide speed and efficiency, easy access to information, opportunities to send less formal messages, and group collaboration and information sharing are encouraged. Such communication options are used by LIAA representative offices, Partnership Lielupe and LTRK.

Networking events and exchange events

LIAA representative offices play an important role in the implementation of networking and experience exchange events. The financial support provided by the LIAA offices is combined with a positive and motivating environment for business, which is promoted through various networking events. This is an effective way for entrepreneurs to be inspired by both the successes and failures of others. Incubators meet regularly [CHECK IN](#) in events where difficulties and successes in the incubation process are discussed. Meetings take place in a free and informal atmosphere, which promotes the emergence of dialogue. Also, LIAA representative offices hold entrepreneur inspiration evenings ["Lūzt vai plīst"](#);

ZRKAC plays an essential role in the organization of networking events of the Zemgale planning region. For the 13th time, the center hosted artisans and homemakers of the city of Jelgava and the region of Zemgale [contact exchange](#), in which 100 homemakers and craftsmen participated, presenting various original creations, creating mutual communication, sharing ideas and considering possible future collaborations. The center also organizes the cities of Jelgava ["Award of the year in business"](#), where in 2023, 9 awards were presented to Jelgava entrepreneurs. Such events will also be held by other ZPR municipalities. Such events not only allow companies to feel appreciated and noticed, but also promote contact between companies. Also, ZRKAC in cooperation with ZPR organizes an inspiring and educational event for entrepreneurs ["Business Spring"](#). Several speakers will speak at the event with the aim of informing businessmen about current issues, such as economic development, innovation support in business and stories of businessmen's experiences. ZRKAC also organizes events [Digital weeks](#) within the framework intended for both entrepreneurs and society as a whole.

Free printed materials. Various institutions also offer the availability and delivery of printed materials to the address. Some materials are available in both printed and electronic format, for example the LLKC "Lauku lapa", available electronically [here](#). Also, printed media are actively used by municipalities, every month I deliver a regional newspaper to all residents of the region, for example [News of Jelgava region](#). Informative publications for forest owners ["Pine cone"](#) is prepared and published by the Center for Forest Consulting Services (MKPC) within the framework of the State Rural Network.

Application procedures for some tenders and projects can be carried out electronically, using specially developed electronic application systems, which allow applying projects online and contribute to the efficiency and transparency of the application process. Such electronic application systems are used in Latvia by such institutions as CFLA, Altum, LIAA and LAD.

It is essential that such an electronic application system is supported by application completion methodology and guidelines or a handbook that provides a general description of the system and instructions for use. The electronic application system provides advantages such as accessibility and ease of filling out the application, administrative expenses are reduced, as the system automates many procedures, such as document submission and verification. In addition, filling out the application is faster and more efficient, transparency and easy traceability are ensured, as all submitted documents and actions are saved, which allows you to easily track the status of applications. Considering these benefits, it is recommended to implement the electronic application system in municipalities where applications are currently submitted in paper format.

Importance from the perspective of public administration:

- **Improved competition and quality:** active and effective communication encourages a wider range of companies to participate, contributing to increased competition. This, in turn, can create better quality and more economically beneficial solutions for state projects.
- **Transparent management:** proactive communication promotes transparency in management. When public authorities share information openly, it increases trust, reduces the risks of corruption and demonstrates accountability to citizens and businesses.
- **Efficient allocation of resources:** improved communication ensures that companies have a clear understanding of the needs of the public sector, facilitating more accurate resource allocation and project planning. This efficiency benefits both the public authorities and the companies involved.
- **Innovation and collaboration:** active communication with companies promotes innovation and cooperation. By fostering a two-way communication channel, public authorities can leverage the expertise of the private sector to create more innovative solutions.

On February 13, 2024, ZPR held a working meeting of interested parties "Innovative communication aimed at SMEs"⁴⁷, to discuss ways to improve communication with SMEs. From the notes of the seminar, it can be concluded that the experts recommend several important improvements in the communication of ZPR with SMEs. The need to personalize the approach is emphasized, emphasizing a personal touch in communication, recognizing individual recipients, taking into account their unique interests and desires. There is a recommendation to create a single platform for all communication that could centralize interactions and make information more accessible. This platform could facilitate connections based on interest groups or topics. There are expert indications that maintaining a quality presence on social networks such as Facebook, Instagram and LinkedIn is very important. This would mean strengthening the exchange of relevant and easily understood information. When it comes to content strategy, experts recommend avoiding a fragmented digital format and instead creating a clear content strategy that includes targeting channels, distributing rich content, easy-to-understand language, and using stories and narratives in communications to make content more engaging. Experts suggest using digital data analysis tools such as Google Analytics to understand target audience interactions and preferences and emphasizing user experience (UX) design to help make user interactions with communications more intuitive and effective. Experts highlighted the creation of co-working platforms such as a Slack community group as good practices. Experts pointed out that it is necessary to recognize and solve problems such as psychological aspects, stereotypes and the need for a more inclusive communication system. Some of the proposed solutions include the development of a comprehensive communication strategy, the exchange of best practices and, possibly, the use of a single information search portal. It is also recommended to improve the capacity of business specialists and use financing opportunities. The importance of digitization in the communication strategy was especially recognized. This includes optimizing websites, ensuring that information is structured well, and providing accessibility in one place. Experts recommend addressing the dispersed structure of information and ensuring that all relevant data is available in one place. In general, the experts at the workshop recommend a multifaceted approach to improve communication with SMEs, focusing on personalization, digital presence, user experience, data analysis, structural availability of information and capacity building.

A tailored approach is particularly important when trying to improve communication with SMEs. This includes a deep understanding of the specific needs of SMEs, leading to tailored support and tailor-made support measures. In addition, fostering an environment of shared experiences and continuous learning plays a key role. By promoting open discussions and exchange of knowledge, national and regional support institutions can significantly improve their operations and communication efficiency. Targeted engagement initiatives, including informative guides and the use of real-life examples and educational programs, strategically implemented in the process of providing advisory support, can

⁴⁷INTERREG EUROPE program for 2021-2027, Project No. 01C0183, "Innovating communication targeted to SMEs"/ InnoCom, 2nd Stakeholders Meeting

provide maximum effectiveness in the communication process with small and medium-sized enterprises.

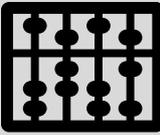
The use of modern communication methods is also essential. Websites, social media and mobile applications provide quick and easily accessible information to interested parties. Social media offers an interactive platform to share news and receive real-time feedback, while mobile applications and online seminars provide the opportunity to offer detailed information and practical advice. Personalized email campaigns and portals facilitate direct communication with stakeholders by offering tailored information and resources that meet their individual needs. These methods not only facilitate rapid outreach, but also encourage dialogue and engagement, ensuring effective communication about public funding.

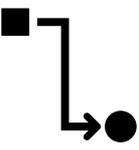
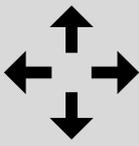
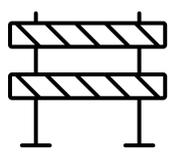
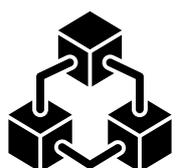
The use of modern communication methods in communicating about the availability of public funding is essential to ensure effective information and engagement.

Building and maintaining trusting relationships is the foundation of effective communication. Consultation and cooperation with SMEs shows a genuine desire to listen and respond to their needs, promoting a positive attitude towards the support institutions of the Zemgale planning region. As mentioned above, the support institutions of the Zemgale planning region create a unified and effective communication network among themselves, in which it is vital to include the company itself, because the consideration and inclusion of effective and justified complaints or recommendations further strengthens involvement, increases trust and promotes a positive attitude towards the state and regional support institutions.

4. SWOT analysis

INTERNAL FACTORS			
STRENGTHS		WEAKNESSES	
	A strong and cohesive business support network. In ZPR, there is effective cooperation between various business support institutions.	Complicated application processes. Cumbersome and complicated application procedures, which partly discourage companies from actively participating in public invitations.	
	Active involvement of companies. Successful business involvement and participation in public invitations in the region, promoting a sense of local responsibility and commitment.	Limited internal capacity of companies. The company lacks additional resources to complete the steps required in the application process.	
	Active and interested municipalities in developing the business environment.	Lack of flexibility in fund criteria. Inflexibility of funding criteria that may not meet the different needs and challenges faced by different companies. Standardized – inflexible national support offer. No mechanism has been developed that would allow funding to be allocated within the region, in accordance with the priorities and development directions of the Zemgale planning region.	
	Efficiency of allocation of funds. A transparent application process, simplified approval mechanisms, identification and use contribute to the efficiency of the distribution of funds.	Communication barriers. Partially inefficient communication channels and bureaucratic obstacles between the state administration and companies hinder the smooth flow of information and cooperation.	

	<p>The strategic location of the region. Relative proximity of the capital city, highways, transport routes and ports promotes the development of both business and other socio-economic processes.</p>	<p>Availability of information. Existing sources of information are not easy to use and take too much time to access.</p>	
	<p>Alignment with business objectives. Allocation of funds aligns with companies' strategic goals, promoting commitment and accountability.</p>	<p>Inconsistent disbursement of funds. Delays or inconsistencies in the disbursement of funds, creating uncertainty and financial stress for companies.</p>	
	<p>Constantly increasing support capacity. New support mechanisms and training programs are constantly being applied that improve the ability of companies to navigate and successfully access funds.</p>	<p>A preconceived notion of complexity. The perception of companies that the process of obtaining financing is complicated and not possible for everyone.</p>	
	<p>Powerful and stable internet coverage. Most of the inhabitants of Latvia and Zemgale have access to a stable Internet connection and have basic digital skills.</p>	<p>A decrease in the number of small businesses in the region. Small businesses are experiencing challenges that affect employment and economic diversity.</p>	
	<p>Quick and high-quality access to state institutions in ZPR. Companies assess the accessibility of ZPR institutions as very good and accessible to various companies.</p>	<p>A decrease in foreign direct investment (FDI). It indicates a decline in foreign investment interest, which affects economic growth.</p>	
	<p>Strong coverage of research institutions in the region. In fostering business growth through innovation, an important support for companies in ZPR is the strong coverage of research institutions in the region.</p>	<p>Lack of feedback. A unified and systematic process has not been developed, how companies can provide feedback to state authorities about the application process and the obstacles encountered in the process.</p>	

EXTERNAL FACTORS			
OPTIONS		THREATS	
	Digital transformation. Using digital platforms for application processes, approvals and communications, improving efficiency and accessibility for businesses.	Economic recession. An economic downturn can reduce the availability of funds and limit the support companies can receive.	
	Customized support programs. Developing region-specific support programs that meet the unique needs of different regions, business sectors and sizes.	Policy changes. Unanticipated changes in government policies or regulations that could affect the availability or distribution of public funds.	
	Innovation incentives. Introducing funds or incentives for particularly innovative projects, encouraging companies to invest in research and development.	Unequal access to finance, which creates competitive differences between firms that may favor larger corporations over smaller firms.	
	Additional EU funding opportunities. Explore opportunities for increased cooperation with EU programs by attracting additional resources and expertise.	Public perception. Negative public perception of the fairness and efficiency of resource allocation, leading to skepticism and reduced participation.	
	Cooperation initiatives. Building strategic partnerships with industry associations and business networks to increase the reach and impact of public tenders.	Global crises. External shocks or global crises (e.g. pandemics, geopolitical events) that can divert attention and resources.	
	Exchange of good practice experiences. Promote the exchange of best practices of EU member states in order to promote more effective communication with companies.	Incorrect priority sectors. Funding is not available for sectors that need it the most in a particular region.	
	Reducing red tape. Development of an easier application procedure, which would significantly reduce the need for internal resources of the company.	Population is decreasing both in the region and in the country.	

5. Existing weaknesses, barriers, and areas for improvement

<u>EXISTING WEAKNESSES</u>	<u>DESCRIPTION</u>	<u>IDENTIFIED SOLUTIONS</u>	<u>SOURCE OF INFORMATION</u>
<p>EXISTING SOURCES OF INFORMATION ARE NOT EASY TO USE AND TAKE TOO MUCH TIME TO ACCESS</p> 	<p>Companies believe that the existing sources of information (various websites, social network accounts, informative materials) are not easy to use and that getting to know the information takes too much time.</p>	<p>Implementing a single online portal with enhanced search functionality can improve the efficiency of information retrieval. The portal should be mobile-optimized and may include interactive dashboards to visually represent complex data.</p> <p>Integrate information sources with commonly used tools or platforms to reduce the need for users to switch between different applications.</p> <p>Use feedback to make continuous improvements and address specific weaknesses.</p>	<p>SWOT analysis, company survey (Chapter 7)</p>
<p>COMPLICATED APPLICATION PROCESS</p> 	<p>Cumbersome and complex application procedures that discourage companies from actively participating in public invitations due to often a lack of internal resources.</p>	<p>To find out exactly which stages of the process cause the biggest difficulties for companies, to identify redundant and complicated steps.</p> <p>Provide detailed training and support during the application process so that potential applicants can understand and successfully complete the application.</p> <p>Implement video instructions and online instructions for easy understanding.</p> <p>Provide individual support.</p>	<p>SWOT analysis, company survey (Chapter 7)</p>
<p>THE PERCEPTION OF COMPANIES THAT THE PROCESS OF OBTAINING FINANCING IS COMPLICATED AND NOT POSSIBLE FOR EVERYONE</p> 	<p>Often, companies don't start the application process at all because it seems complicated and time-consuming.</p>	<p>Emphasize the advantages and benefits companies can gain from participating.</p> <p>Ensure transparency in the application process by providing clear information about the list of documents to be considered, deadlines and evaluation criteria.</p> <p>Create a support web page with frequently asked questions (FAQ) and contact information.</p> <p>Organize training on the use of EU funds and project development for entrepreneurs and other interested parties in the ZPR region in order to increase their competences and ability to attract funding.</p>	<p>Business survey</p>

GREATER INFLUENCE IN THE ALLOCATION OF FUNDING TO REGIONAL PLANNING INSTITUTIONS



No mechanism has been developed that would allow funding to be allocated within the region, in accordance with the priorities and development directions of the ZPR.

- Ensure active participation in national planning processes.
- Strengthening of strategic partnerships. By building strong partnerships with other planning regions, ministries and institutions managing EU funds, ZPR can promote the recognition and support of its specific goals.
- To carry out active lobbying at the national level to include Zemgale's priorities in national policies and strategies. This may include meeting with politicians, high level bureaucrats and other decision makers.
- Use specific data and research on the specific needs and potential of the Zemgale region to justify the allocation of funding.
- Engage in direct dialogue with the EC and other EU institutions to highlight the specific needs and projects of the region.
- Demonstrate the effective use of previous EU funds in the Zemgale region by presenting specific achieved results and success stories.
- Organize training on the use of EU funds and project development for municipal employees, entrepreneurs and other interested parties in the ZPR region in order to increase their competences and ability to attract funding.

SWOT analysis, Chapter 3 (Governance and legal regulation)

FEEDBACK PROCESS



A unified and systematic process has not been developed, how companies can provide feedback to state authorities about the application process and the obstacles encountered in the process.

- Develop a clear and understandable structure for providing feedback, which includes specific questions about the application process, obstacles encountered and suggestions for improvement. Such a structure will help to obtain specific and useful data.
- Conduct regular surveys and research among companies to determine their experience with government application processes.

SWOT analysis

6. Main stakeholders of the Zemgale planning region

When analyzing the availability of public funding and communication with small and medium-sized enterprises (SMEs) in the Zemgale planning region, various interested parties play a decisive role. These stakeholder institutions contribute to the effective dissemination of information, policy implementation and the overall success of funding programs.

State institutions and agencies	At the national, regional and local levels, government authorities are the main actors in policy-making and the allocation of public funds. These bodies develop and implement programs aimed at supporting SMEs. State agencies of Zemgale, such as the Zemgale Planning Region and relevant ministries, are responsible for the development of regional development plans and operational programs that affect SMEs. These stakeholders need to engage in effective communication to ensure that SMEs are aware of available funding opportunities and are able to navigate the application processes.
Business support organizations	Organizations such as Zemgale Business Center, Jelgava Business Incubator and other business support structures play a crucial role in promoting communication between SMEs and funding sources. These institutions provide guidance, organize seminars, and disseminate information about available funding programs. These organizations act as intermediaries, helping SMEs to understand eligibility criteria, application procedures and the potential benefits of accessing public funding.
Local municipalities	There are significant stakeholders in the Zemgale planning region of the municipality. Municipalities can implement their own initiatives to support local businesses in line with wider regional and national strategies. Municipalities engage in communication with SMEs in order to understand their needs, inform about local funding opportunities and promote cooperation between companies and public funding programs.
SMEs	Small and medium-sized enterprises are central to the whole process. Businesses should actively participate in communication channels established by government agencies and business support organizations. This includes attending seminars, being aware of policy changes and actively seeking available funding opportunities. SMEs should provide feedback to policy makers to ensure that funding programs meet their changing needs.
Financial institutions	Banks and financial institutions are also important players. Institutions often cooperate with government agencies to implement financial support programs for SMEs. Clear communication between financial institutions, state institutions and SMEs is very important to ensure that financing mechanisms are accessible, transparent and effectively meet the financing needs of companies in the Zemgale region.
Educational institutions	Educational institutions, including universities, vocational schools and training centers, are important contributors to the education component of this ecosystem. These institutions can work with government agencies and business support organizations to develop curriculum modules that focus on entrepreneurship, financial literacy and business management. Partnerships with SME internship programs and hands-on training initiatives further enhance the educational experience. Through continuous feedback loops with businesses and policy makers, educational institutions can adapt their programs to meet the changing needs of SMEs, fostering a workforce that is better prepared for success in the Zemgale Planning Region.

See Table 6.1 for a summarized list of interested parties and their contact information.

Table 6.1

The main stakeholders of the Zemgale region

Organization	contact information	Importance of successful information dissemination
Ministry of Finance	Smilšu Street 1, Riga, LV-1919, Latvia +371 67095405 pasts@fm.gov.lv	The task of the FM is to plan the state's finances and prepare the budget. Thus, FM plays an important role in the successful dissemination of information about the availability of public funding, which helps promote transparency, accountability and public participation in public finance matters.
CFCA Department of Zemgale region	Pasta Street 43, Jelgava, LV-3001 zemgale@cfla.gov.lv +371 28445185	The basic work of the agency is the management of foreign investments for Latvia's growth, and within this framework, the basic principles of the agency's work are the approach of the "consult first" principle, reliability, efficiency and zero tolerance for fraud and corruption.
Ministry of Economics	Brīvības Street 55, Riga, LV – 1519, Latvia Phone: +371 67013100 Fax: +371 67280882 E-mail: pasts@em.gov.lv	Develops and coordinates national economic policy, including in the field of public financing. Provides general information on the country's economic situation, policy directions, and provides guidelines on available financial instruments for entrepreneurs.
LIAA representative office in Jelgava	Peldu street 7, Jelgava, LV-3002, Latvia Phone: +371 62400909 Email: jelgava@liaa.gov.lv	Supports new entrepreneurs and the development of small businesses in Jelgava city and county. Provides information on business incubator services, support programs and resources.
LIAA representative office in Bauska	Katoļu street 3, Bauska, Bauska county, LV-3901 bauska@liaa.gov.lv +371 62400908	Supports new entrepreneurs and the development of small businesses in Bauska county. Provides information on business incubator services, support programs and resources.
LIAA representation In Jēkabpils	Draudzības street 26-75, Jēkabpils, LV–5201, jekabpils@liaa.gov.lv +371 26303279	Supports new entrepreneurs and the development of small businesses in Bauska county. Provides information on business incubator services, support programs and resources.
The Ministry of Agriculture	Republikas Square 2, Riga, LV-1981 pasts@zm.gov.lv +371 67027010	The Ministry of Agriculture plays an essential role in the successful dissemination of information about public financing available to companies in the agricultural sector. It includes the possibilities of using both state subsidies and EU funds, as well as information on the conditions of support programs and application procedures.
Rural support service Zemgale Regional Agricultural Administration	Dobeles Street 41a, Jelgava, LV-3001 zemgale@lad.gov.lv +371 67095000	RSS plays an important role in the successful dissemination of information about public funding available to companies in rural development programs and projects. This includes informing about different types of support, as well as helping entrepreneurs to understand the requirements and procedures needed to receive financial support for farm and rural development projects.
Rural Partnership "Lielupe"	Jāņas Asara Street 21, Jelgava, LV-3001 lielupe@partneribalielupe.lv 26399946	RP Lielupe is an essential intermediary for the successful dissemination of information about public funding available to companies, especially in relation to rural development and environmental protection. It provides entrepreneurs with access to financial resources, as well as provides advice and support in project planning and implementation, promoting the

		sustainability of regional development and economic growth.
Rural partnership "Vidusdaugava"	Brīvības street 45, Jēkabpils, LV-5201 t. 29,449,622 info@vidusdaugavasnvo.lv	RP Vidusdaugava is an essential resource in the successful dissemination of information about public funding available to companies in the region. It provides entrepreneurs with information on available support programs, advice on attracting funding, and helps plan and apply for projects, promoting the development of the regional economy and business growth.
"Bauska district rural partnership" association	Uzvaras street 1, Bauska, LV-3901 63922400 jolanta.lauva@inbox.lv	Provides entrepreneurs with information on various financing options, advises on project development and helps prepare applications according to public support programs, promoting the growth of business and regional development in Bauska region.
Dobele district rural partnership	Uzvaras Street 2, 2nd floor, Dobele aija.senbruna@gmail.com 29812300	Provides entrepreneurs with information on various financing options, advises on project development and helps prepare applications according to public support programs, promoting the growth of business and regional development in Dobele region.
Association "Aizkraukle District Partnership"	Lāčplēša Street 1, Aizkraukle, LV – 5101 +371 29487108 alda.paura@aizkrauklespartneriba.lv	Provides entrepreneurs with information on various financing options, advises on project development and helps prepare applications according to public support programs, promoting the growth of business and regional development in Aizkraukle district.
Latvian Rural Consultation and Education Center (LLKC)	Rīgas street 34, Ozolnieki, Ozolnieku parish, Jelgava county, LV-3018, Latvia Phone: +371 63050220 Email: llkc@llkc.lv	Provides support to rural entrepreneurs and promotes rural development. Organizes trainings, seminars and provides information on rural business opportunities and funding sources.
ALTUM, state development finance institution Regional centers in Zemgale	Doma Square 4, Riga, LV-1050 Phone: +371 6777 4010 Email: altum@altum.lv in Jelgava: 12 Liela Street, Jelgava 67 774 283 67 774 279 In Bauska: Uzvaras street 1, Bauska 25 493 120 67 774 279 In Jēkabpils: Uzvaras street 2, Jēkabpils 67 774 279; 67 774 292	Provides financial instruments for entrepreneurs and projects important for the development of the country. Provides information about its financing products, their conditions and application procedures, as well as promotes their wider understanding among entrepreneurs.
The Ministry of Welfare	Skolas street 28, Riga, LV-1331 lm@lm.gov.lv +371 80205100	LM plays an important role in the successful dissemination of information about public funding available to companies in the social field, for example by providing information on state support for workers, social services and other resources. It provides support and advice to companies on social issues and the use of programs, promoting fair and balanced social support in the business environment.
NVA Jelgava branch	Skolotaiu street 3, Jelgava, LV – 3001 Jelgava@nva.gov.lv +371 80200206 +371 28664379	Branches of the State Employment Agency (NVA) play an important role in the successful dissemination of information about public funding available to companies in employment support programs. The branches offer advice and assistance to companies in relation to employment support, as well as provide information on training and labor market regulation,
NVA Jēkabpils branch	Jauna street 79e, Jēkabpils, LV-5201	

	Jekabpils@nva.gov.lv +371 80200206 +371 65231950	promoting employers' awareness and support in employing workers and creating real jobs.
NVA Bauska branch	Rātslaukums 4, Bauska, LV-3901 Bauska@nva.gov.lv +371 80200206 +371 26304236	
VARAM	Peldu street 25, Riga, LV-1494, Latvia pasts@varam.gov.lv +371 66016740	The Ministry of Environmental Protection and Regional Development (VARAM) plays an important role in the successful dissemination of information about public funding available to companies in environmental protection, regional development and infrastructure projects. It provides companies with information on available funds, support options and procedures, as well as provides advice and assistance in project planning and implementation, promoting sustainable and coordinated economic development in the country's regions.
Zemgale Planning Region (ZPR)	Katoļu street 2b, Jelgava, LV-3001 zpr@zpr.gov.lv +371 63027549	Promotes territorial development, economic growth and sustainable development in the Zemgale region. Provides information on regional development plans, available resources, and support measures to promote business and investment.
Zemgale business center	Jelgava, Katoļu street 2b, Latvia +371 63028454	Provides entrepreneurs with professional support, consultations and resources for business promotion in the Zemgale region. Provides information on business support programs, training and opportunities to improve entrepreneurial skills and promote business sustainability.
EDIC contact point in Zemgale	Jelgava, Katoļu street 2b, Latvia Phone: +371 63028454 Email: lolita.felzenberga@zpr.gov.lv	Promotes innovation and digital development in the region. Provides information and consultations, develops Digital Development Roadmaps for entrepreneurs, so that the entrepreneur can receive financial support for the digitization of his company's processes.
Green and smart technology cluster the EDIC contact point in Zemgale	Jelgava, Rīgas street 22b - 126 ieva@greentechlatvia.eu	The cluster of green and smart technologies plays a vital role in the successful dissemination of information about public financing available to companies in sustainable development projects. It provides companies with information on available funds and support opportunities in the fields of environmental and technological innovation, as well as provides advice and assistance in project planning and implementation, promoting the growth and competitiveness of the green and smart technology industry. Provides information and consultations, develops Digital Development Roadmaps for entrepreneurs, so that the entrepreneur can receive financial support for digitization.
Municipality of Jelgava state city	Liela street 11, Jelgava, LV-3001, Latvia Phone: +371 63005537 Email: pasts@jelgava.lv	Promotes the local economy and provides services to residents. Provides information on municipal support programs, economic development plans and local resources.
Zemgale Region Competence Development Center (ZRKAC)	Svetes street 33, Jelgava, LV-3001, Latvia Email: birojs@zrkac.jelgava.lv Phone: 63082101	Promotes competence development, professional education and learning opportunities in the region. Provides information on training programs, competence development opportunities and support measures to provide entrepreneurs with the necessary skills and qualifications.

Municipality of Jelgava region	Post Street 37, Jelgava, Latvia, LV-3001, Latvia Phone: +371 63022238 Email: dome@jelgavasnovads.lv	Promotes the local economy and provides services to residents. Provides information on municipal support programs, economic development plans and local resources.
Municipality of Jēkabpils region	Brīvības street 120, Jēkabpils, Jēkabpils district, LV-5201, Latvia Phone: +371 65236777 Email: pasts@jekabpils.lv	Promotes the local economy and provides services to residents. Provides information on municipal support programs, economic development plans and local resources.
Municipality of Bauska region	Uzvaras street 1, Bauska, Bauskas prov., LV – 3901, Latvia Phone: +371 63922238 E-mail: pasts@bauskasnovads.lv	Promotes the local economy and provides services to residents. Provides information on municipal support programs, economic development plans and local resources.
Business and competence development center of Bauska region	Katoļu street 3, Bauska, Latvia +371 28025249 elita.priedniece@bauskasnovads.lv	Promotes competence development, professional education and learning opportunities in the region. Provides information on training programs, competence development opportunities and support measures to provide entrepreneurs with the necessary skills and qualifications.
Municipality of Aizkraukle region	Lāčplēša 1A, Aizkraukle, Aizkraukle district, LV 5101, Latvia Phone: +371 65133925 Email: dome@aizkraukle.lv	Promotes the local economy and provides services to residents. Provides information on municipal support programs, economic development plans and local resources.
Business support center of Aizkraukle region	Lāčplēša street 1, Aizkraukle, Latvia +371 27873332 elita.kanepeja@aizkraukle.lv	Promotes competence development, professional education and learning opportunities in the region. Provides information on training programs, competence development opportunities and support measures to provide entrepreneurs with the necessary skills and qualifications.
Municipality of Dobele region	Brīvības street 15, Dobele, Dobele county, LV-3701, Latvia Phone: +371 63707269 Email: apic@dobele.lv	Promotes the local economy and provides services to residents. Provides information on municipal support programs, economic development plans and local resources.
Dobele Adult Education and Entrepreneurship Support Center (DPIUC)	Brīvības street 7, Dobele, LV-3701 Latvia Phone: 63781740, 63781741 piuac@dobele.lv	Provides adult education, learning opportunities and support for business development in the Dobele region. Provides information on adult education programs, business support services and resources, promoting the professional development of citizens and promoting entrepreneurship.
LDDK	Raina boulevard 4, 2nd floor, Riga, LV-1050 Phone: +371 67225162 E-mail: lddk@lddk.lv	The Confederation of Latvian Employers (LDDK) plays an important role in the successful dissemination of information about the public funding available to companies. It provides companies with information on various financing options, advises in connection with project planning and provides support in the preparation of applications, promoting business growth and attracting appropriate funds for projects
Zemgale region branch of the Latvian Chamber of Commerce and Industry (LCCI).	Jelgava, Skolotaiņu iela 3, LV-3001, Latvia Phone: +371 28646086 Email: jelgava@lcci.lv	Represents the interests of entrepreneurs and promotes business development. Organizes events, seminars and provides information on trade and industry opportunities, as well as availability of financing for entrepreneurs.
SEAL	13 Alberta Street, Riga, LV-1010	Provides companies with information on available support programs and financing opportunities, as well

	office@sua.lv	as provides consultations and support in project preparation, promoting the successful operation of social enterprises and the increase of public welfare.
Society "Zemgale Tourism Association"	Rātslaukums 1, Bauska, LV-3901 +371 26457713 info@travelzemgale.lv	Provides companies with information on available financing options, advises on project development and helps prepare applications according to public support programs, promoting the development of tourism business and the diversity of regional tourism products in Zemgale.
Latvian University of Biosciences and Technologies (LBTU)	Liela street 2, Jelgava, LV-3001, Latvia Phone: +371 63022584 Email: informacija@lbtu.lv	Promotes scientific and technological research, provides educational services. Provides information on research and innovation opportunities, as well as support programs.

The effectiveness of each institution in disseminating information will depend on its active involvement, cooperation with entrepreneurs and the ability to provide clear and understandable information about available funding sources and support measures.

When creating an ecosystem that promotes the sustainable growth of small and medium-sized enterprises (SMEs) in the Zemgale planning region, the key is to promote open lines of communication and strong cooperation between key stakeholders. The success of public funding programs depends on maintaining a constant dialogue and ensuring transparency in all processes. Accessible and well-informed information channels are essential for SMEs to be aware of available funding opportunities, eligibility criteria and application procedures. By creating an environment where public authorities, business support organizations, local governments, financial institutions and SMEs engage in effective communication, the region can improve its ability to meet the specific needs of businesses and facilitate their successful participation in public funding initiatives. This collaborative approach serves as a catalyst for innovation, economic development and the overall resilience of SMEs in the Zemgale planning region.

7. Results of expert interviews with regional stakeholders

A survey of representatives of small and medium-sized enterprises was organized in the Zemgale region, asking the respondents to give their vision about the access of the enterprises of the Zemgale region to information about public tenders and SME support programs, their effectiveness and the main administrative obstacles and problems.

The survey took place in November-December 2023. Most of the surveyed companies (84.71%) employ from 1 to 9 full-time or part-time employees, 8.24% of companies employ 10-49 employees, 4.71% of companies employ 50-249 employees, while more than 250 employees are employed 2.35% of surveyed companies in the Zemgale region. Also, the majority of companies (86.59%) work in the private sector.

The opinion was expressed by 61 respondents, representing both small and medium-sized companies from various sectors - tourism and hospitality (16.67%), services (14.10%), agriculture (12.82%), creative industries (12.82%), food and beverage production (12.82%), industrial production (8.97%), legal, business and financial services (5.13%) and other industries.

Most of the surveyed respondents were companies with a turnover of up to 500,000 euros (86.11%), more than EUR 500,000 and up to EUR 1 million (4.17%), more than EUR 1 million and up to EUR 2 million (4.17%) and more than EUR 10 million and up to EUR 50 million (4.17%). On the

The survey will provide results not only for experienced companies, but also for newly established companies.

other hand, there are greater differences in the duration of the company's operation - 2 years or more, but less than 5 years (33.33%), 5 years or more, but less than 10 years (30.56%) and more than 10 years (27.78%).

The majority of companies (63.38%) have used the funding granted in European, national, regional or municipal tenders, while 36.62% of respondents have not used it. As can be seen in 7.1. as shown in the figure, most of the companies have applied for support granted by the state, region or municipal authorities, but which are not EU funds (32.76%). On the other hand, 29.31% of companies have used financial instruments supported by the EU fund. In contrast, 24.14% of companies have applied for grants/financial instruments granted by regional/state authorities and supported by ESI funds. A very small number of respondents - 3.45% of companies - did not apply for support in tenders at all, or only used their own financing or a bank loan.

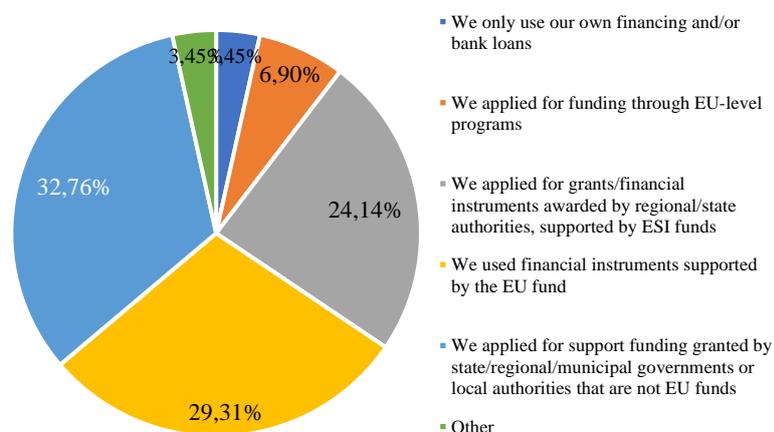


Figure 7.1. Type of financing used by SMEs

As the main reasons why companies have not applied for the available support, the respondents mainly cite a lack of information about the possibilities to apply for EU or other funding (38.89%), as well as a lack of knowledge and capacity of the company or its employees (33.33%) or the need has not arisen after additional funding (16.67%).

One tenth (11.11%) of the surveyed companies have applied for financial support, but have not received it. This is a potential

part of companies to target information campaigns, with the aim of improving the quality of the application and compliance with the criteria for obtaining funding.

The companies were asked to indicate the existing problems that would currently require the attraction of public funding in the company. One of the most frequently mentioned answers was promoting and supporting the company's competitiveness (38.40%), support for innovation (18.40%), support for activities related to energy efficiency, renewable energy, environmental and/or climate measures (16%) were also mentioned and support for company digitization (11.20%). A relatively small number of respondents believe that support would be necessary for establishing a company or starting a business (3.2%), but this can be explained by the choice of the target audience of the survey - companies that are already operating in the Zemgale planning region.

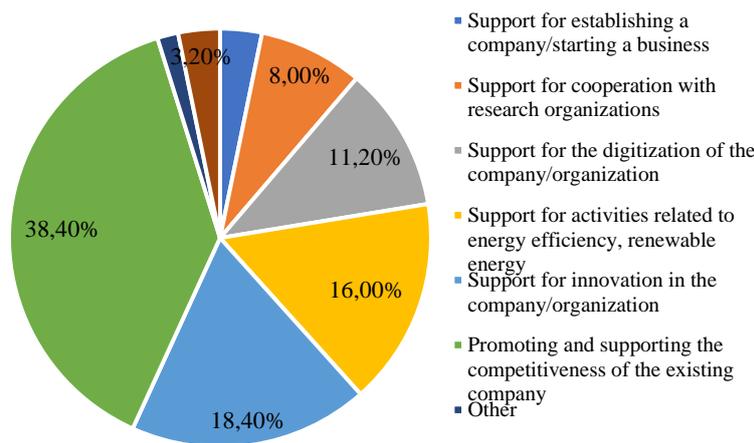


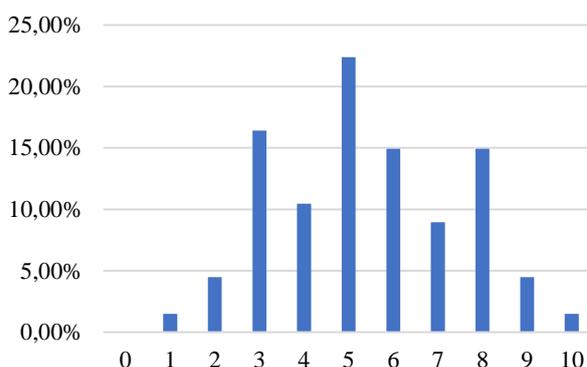
Figure 7.2. Activities of SMEs that currently require attracting public funding

Also, the companies were asked to assess the most important needs of the company or organization. Respondents claim that the company's most important financial needs at the moment are better access to financial instruments/grants (33.33%), better access to financing and financial instruments (28.33%)

and better support for acquiring public funds (25%). Fewer respondents stated that better access to relevant, personalized and updated information in Latvian is needed (10.83%). Therefore, it can be concluded that most companies have the opportunity to access the necessary information, but problems arise in applying it and adapting it to the relevant situation.

As the most important non-financial support tools, respondents indicated better access to markets through new viable sales channels and business partners (36.27%), assistance in implementing innovations to develop new products/services (29.41%) and quality training opportunities and access to skilled labor (18.63%).

Taking into account that only a tenth of the respondents indicated that better access to relevant, personalized and updated information in Latvian is needed, it was expected that the statement "How easy or difficult is it to access information about public tenders and SME support programs" would be evaluated with a medium high or high rating. However, this statement was rated with medium to low ratings (60.94% of respondents rated the statement with 5 or less). However, the number of completely dissatisfied respondents is also low, and there are respondents who evaluate the availability of



information as satisfactory. In order to promote the awareness of all potential support instrument candidates, it is necessary to evaluate the existing information channels and their effectiveness.

Figure 7.3. Respondents' assessment of the statement "How easy or difficult it is to access information on public tenders and SME support programs" (%)

Taking into account that the rating on the availability of information is moderately low, it is important to find out what are the main administrative obstacles or problems that prevent companies from accessing information about EU tenders or accessing funding through SME support programs (see Figure 7.4).

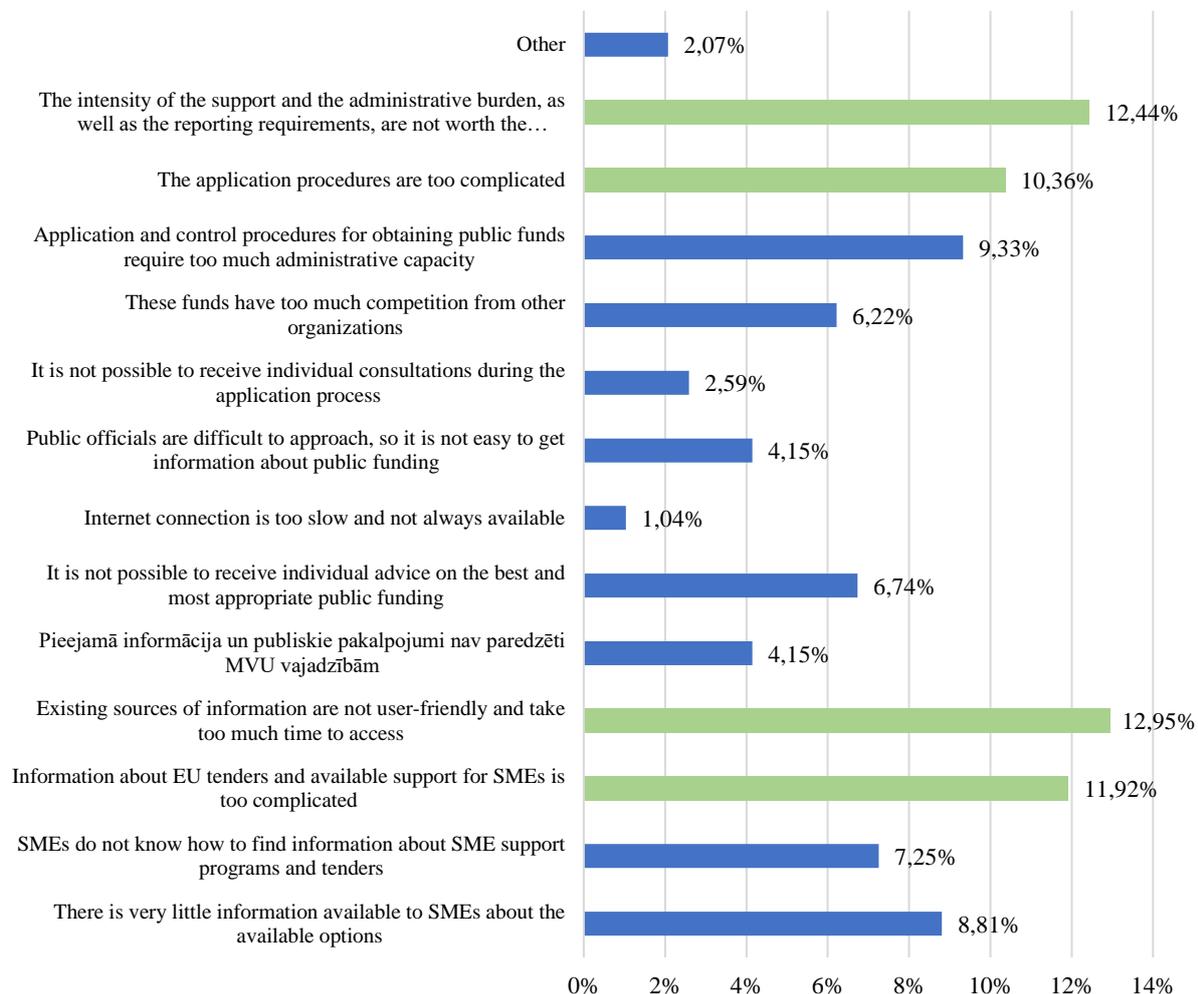


Figure 7.4. Main administrative obstacles and problems to access information on EU tenders or funding (%)

As can be seen in Figure 7.4, as the main administrative obstacles, the surveyed companies mention that the existing sources of information are not convenient for users and it takes too much time to access them (12.44%), the intensity of support and the administrative burden required to apply to the public funding as well as reporting requirements are not worth the company's invested resources (12.44%), information on EU tenders and available support for SMEs is too complex to understand (11.92%) and application procedures are too complicated and SMEs are must invest too much effort to participate (10.36%). It can be concluded that the biggest obstacles for companies are related to the need to invest

Internet connection speed (1.04%), lack of individual consultations (2.59%) and lack of information specifically for the needs of SMEs (4.15%) were mentioned as the least administrative obstacles.

additional time, knowledge and human resources, which are often very limited for small and medium-sized companies. However, in order to encourage companies to use the available support mechanisms, it is necessary to clearly formulate what benefits the company expects and whether they are worth the invested resources.

In order to overcome the most significant administrative obstacles for companies and to encourage participation in public tenders and support programs, it is important to find out what, according to the

surveyed companies, are the main necessary improvements. As can be seen in Figure 6.5, companies believe that it is necessary to regularly publish information in sources that are the most popular in the region, such as social networks, local media (11.23%). 10.51% of respondents believe that it is necessary to provide all information in one place - on the same platform, while 9.42% of respondents believe that it is necessary to make the membership process more friendly for smaller organizations and simplify procedures. A very small number of survey participants (1.81%) believe that it is necessary to provide funding or other support to prepare applications for participation in highly competitive public funding programs, such as programs directly managed by the European Commission (Horizon Europe, COSME, etc.).

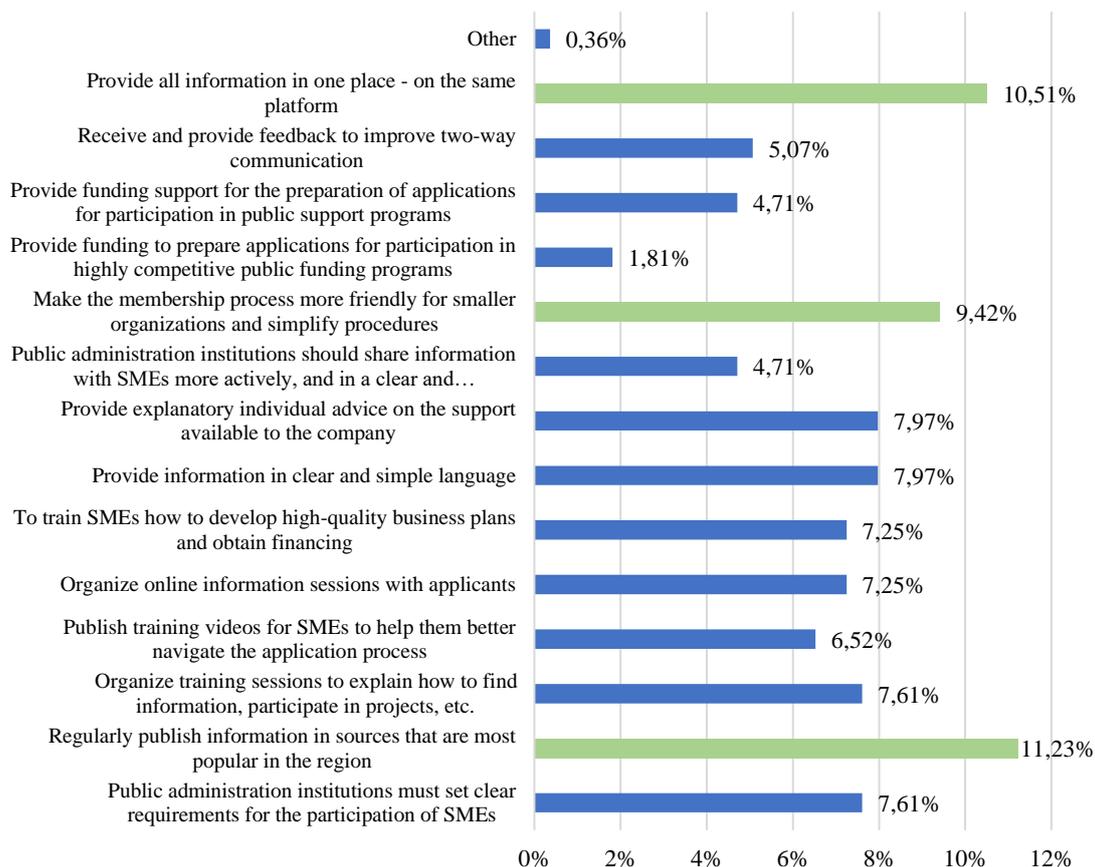


Figure 7.5. Main improvements needed to promote participation of SMEs in public tenders and support programs (%)

Respondents were invited to assess to what extent, according to companies, SME support is the main priority of the public sector in the Zemgale region, where 1-not a priority at all, and 10-a very high priority. As can be seen in Figure 7.6, the majority of respondents have given this statement an average (5 points) rating - 19.40%, which may indicate that the respondents do not have a specific opinion on this issue. However, the majority of companies have given an assessment that is higher than the average assessment - the statement above 5 points has been assessed by 52.24% of all respondents, which shows that the companies positively evaluate the work of the public sector in the field of SME support.

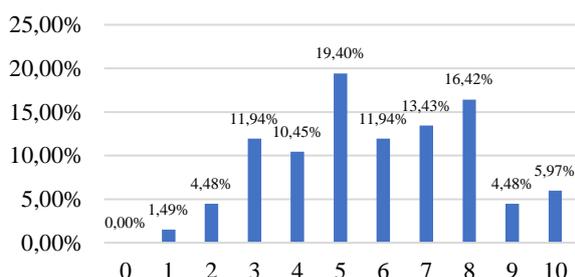


Figure 7.6. Respondents' assessment of the statement "To what extent do you think SME support is the main priority of the public sector in your region" (%)

It is important for support and financing policy makers to find out what tools and methods should be used to encourage companies to apply for

public tenders and support programs in the Zemgale planning region. A number of proposed tools and methods have received equal evaluation. Almost a fifth of all companies believe that it is necessary to offer online consultations (18.67%), to provide companies with an individual approach (18.07%) and to provide support in the development and improvement of business plans (18.07%). Some respondents believe that publicly available educational video materials (15.66%) and a manual with explanations and descriptions about participation in public tenders and support programs (15.06%) are necessary.

The companies emphasized that it is essential to raise the prestige of public tenders and support programs (through stories of experience, through the explanation of the most frequent application/implementation errors, etc.), and it would also be relevant to send out information via e-mails. Companies point to the practicality of searching and gathering information, that is, it is desirable that all information is available in one place, in a summarized and clearly understandable form.

CONCLUSIONS AND RECOMMENDATIONS

A significant number of SMEs in the region have used EU and state regional funding, and many apply for state, regional or municipal support that is not related to EU funds.

The survey shows that funding is needed to improve competitiveness, support innovation and help implement digitization and green initiatives.

The main reasons for not applying are lack of information about available funding, lack of knowledge and capacity, and the need for additional funding.

It is recommended to simplify the application procedures by streamlining the funding application processes in order to reduce the administrative burden and facilitate the application of SMEs.

The main obstacles hindering access to public funding are user-unfriendly information sources, administrative intensity, complex application procedures and the complexity of information about EU tenders and funding.

Based on the analysis of the Zemgale SME survey, the main recommendations are related to the need to improve the availability of information, including the development of more user-friendly platforms for disseminating information about available financing, emphasizing clarity and accessibility.

It is recommended to simplify the application procedures by streamlining the funding application processes in order to reduce the administrative burden and facilitate the application of SMEs.

It is recommended to strengthen targeted financing initiatives, focus on creating financing opportunities specifically tailored to the needs of SMEs in the areas of innovation, digitalization and environmentally friendly projects.

Strengthening the capacity of SMEs by offering training and support to SMEs to increase their ability to understand and access financing opportunities is recommended.

It is recommended to strengthen feedback mechanisms by obtaining systematic feedback from SMEs in order to continuously improve financing processes and adapt to the changing needs of the business sector.

8. Conclusions and recommendations

Conclusions

The number of economically active companies in Zemgale was relatively stable, with a slight increase of 2% from 2017 to 2021, indicating a more stable economic environment compared to the national trend.

The constant population decline is the main problem of the region.

Fluctuations in funding of EU fund projects show the need to use the funds effectively, aligning them with the country's development priorities and ensuring sustainability.

The intensity of Internet use of Latvian residents is average, which corresponds to the trend in neighboring countries with a similar GDP level.

The DESI report highlights Latvia's performance in the field of access to telecommunications services, which is a prerequisite for achieving digital transformation. Latvia has a very strong broadband coverage (93%), which is well above the EU average (87%).

The largest number of employees were employed in the construction industry - 16.3% of all employees employed in companies in the Zemgale region. 16% of employees were employed in the agricultural sector, 11% in the industrial sector, 9.3% in trade, 8.9% in the forest sector, and 8.2% in medicine and pharmaceuticals, employed in enterprises of the Zemgale region.

In the period from 2018, Latvia's DESI Index was higher than the EU average, however, in recent years, the growth of Latvia's indicators has slowed down and approached the EU average.

Latvia's DESI score has improved more slowly than most other EU countries.

A tailored approach is particularly important when trying to improve

communication with SMEs. This includes a deep understanding of the specific needs of SMEs, leading to tailored support and tailor-made support measures.

Effective communication between government, business and other stakeholders is highlighted to ensure mutual understanding of needs and challenges, fostering collaborative solutions. Adapting these policies to the regional characteristics of Zemgale is essential in solving local problems and opportunities to promote sustainable economic growth, employment and general business development.

There is a lack of practical and user-friendly guidelines on the application of state aid rules.

A significant number of SMEs in the region have used EU and state funding, and many apply for state, regional or municipal support that is not related to EU funds.

The main reasons for not applying for funding are lack of information about available funding, lack of knowledge and capacity, as well as the need for additional funding.

The main obstacles hindering access to public funding are user-unfriendly information sources, administrative intensity, complex application procedures and the complexity of information about EU tenders and funding.

The survey shows that funding is needed to improve competitiveness, support innovation and help implement digitization and green initiatives.

Recommendations

Support for small and medium-sized enterprises (SMEs) is needed in Latvia in general, including access to finance, business development services and access to the market, in order to reverse the trend of the decrease in the number of active enterprises.

Implement initiatives that promote higher birth rates or attract migrants, as well as make policy changes in the health and social fields.

Improving the migration balance by stimulating job creation and improving living conditions can help reduce the rate of population decline.

Improving administrative efficiency, project management training and transparency in the allocation of funds is one of the prerequisites for more efficient use of EU funds.

Good and detailed guidelines are needed to facilitate and assist SMEs in the preparation and application process. It is necessary to develop and timely update practical instructions with concrete examples and explanations on the application of state aid rules.

In order to maximize the economic impact, it is recommended to improve the ability to absorb and effectively use EU funds, including improving administrative efficiency and ensuring transparency.

In order to reduce the lack of knowledge and understanding of state support rules among SME representatives, the rules and a more adapted approach for different categories of SMEs should be simplified, and distance and time barriers could also be reduced through the development of an online consultation platform, through which companies could receive consultations from competent experts.

It is recommended to rationalize and simplify the state and European Union financing support rules in order to facilitate procedures and reduce bureaucratic obstacles, thus facilitating better access to financing for small and medium-sized enterprises (SMEs), ultimately promoting sustainable economic growth in Latvia and the European Union.

To carry out an evaluation and analysis of the good practices of EU member states in the distribution of funding in order to introduce the necessary changes in Latvia and facilitate better access to financial resources for small and medium-sized enterprises (SMEs), which serves as a valuable initiative for promoting compliance and economic development.

The state support regime should be flexible and regularly updated in order to respond to dynamic socio-economic changes, as well as regional development trends.

Key recommendations from the survey include improving access to information, simplifying application processes and providing more tailored support to SMEs.

It is necessary to improve the availability of information, including the development of more user-friendly platforms for disseminating information about available funding, emphasizing clarity and accessibility.

Simplification of application procedures for public funding is recommended, to facilitate the involvement of SMEs. Streamlining the process is critical, as complex procedures can lead to administrative burdens and discourage small and medium-sized businesses from getting involved.

According to the company survey, companies have difficulty understanding all the rules and requirements related to applying for funding. Public authorities should develop clear and understandable guidelines that tell companies how to apply correctly and what the general requirements and deadlines are. Application forms are often complex and require detailed information that can sometimes be redundant. Simplifying forms, for example using fewer mandatory fields or implementing a simplified process, can reduce the administrative burden on entrepreneurs. Too many administrative requirements can be a hindrance for entrepreneurs, especially SMEs, who lack the internal resources and manpower to meet them. Checking and reducing redundant requirements or offering alternatives, such as simplified financial statements or copies of documents, can significantly ease the application process.

By introducing an electronic application system and automated processes, companies could submit their applications more easily and quickly, avoiding unnecessary paper work and administrative burden. The electronic application system is already currently in institutions such as CFLA, ALTUM, LIAA and LAD, however, this practice should also be adopted by other institutions.

Advisory and support services: Providing entrepreneurs with access to advisory and support services can help them understand all the necessary steps and procedures, thereby reducing the complexity of the application process.

It is recommended to strengthen targeted financing initiatives, focus on creating financing opportunities specifically tailored to the needs of SMEs in the areas of innovation, digitalization and environmentally friendly projects.

It is also recommended to strengthen feedback mechanisms by obtaining systematic feedback from SMEs in order to continuously improve financing processes and adapt to the changing needs of the business sector.

Recommendations for the improvement of the ZPR Development Program

One of the main obstacles of companies in attracting public funding is the limited resource capacity of companies, therefore one of the action directions or tasks of the development program should be increasing and promoting the internal capacity of companies. Companies need to offer financial or advisory support to overcome the lack of internal capacity.

ZPR is recommended to strengthen feedback mechanisms by obtaining systematic feedback from SMEs in order to continuously improve financing processes and adapt the regional development program to the changing needs of the business sector.

The problems of the companies' capacity are associated with the obstacle for companies to understand the often complicated language of the public funding application, therefore it is recommended to introduce measures/training in the development program aimed at rational explanation of the application process.

Taking into account the common European and Latvian trends in digitalization issues, ZPR is recommended to include more focused initiatives in the field of SME digitalization in the development program.

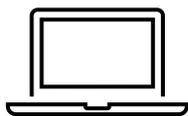
The ZPR Development Program currently does not include specific directions of action in the field of improving communication with SMEs, therefore it is necessary to emphasize the importance of regular communication and systematic feedback.

In the ZPR Development Program, it is necessary to foresee the possibility of providing financial support to SMEs not only at the state or local government level, but also at the regional level, for the priorities updated in the ZPR Development Program.

Below are specific proposals for simplifying the business support environment and communication with SMEs for further sustainable development in the Zemgale region.



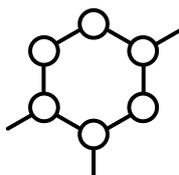
Creation of a unified information platform. Create a single digital platform that would serve as a central information point for all SMEs in the Zemgale region. Information on support programs, funding, training, events, industry news and examples of good practice should be available on the platform.



Making interactive tools and resources available. Implement WhatsApp and/or SLACK groups, as well as create a database for SMS format communication. When developing learning modules, use interactive tools so that entrepreneurs can learn and apply knowledge in practice. For example, online calculators, business planning tools, digital marketing platforms.



Creating a communication plan. Create a clear communication plan that addresses the needs of SMEs and ensures regular updates and distribution of important information through various channels – e-mails, SMS, social networks, WhatsApp, Slack, webinars, etc.



Promoting networking and collaboration. Organize networking events to promote cooperation between SMEs, larger companies, educational institutions and public administration.



Implementation of training programs appropriate to the needs of companies. Conduct a statistically representative survey among SMEs in the Zemgale region to determine specific training and development needs, and develop appropriate training programs.



Creation of a network of mentors and consultants. Build a network of mentors and advisors to help new and existing entrepreneurs with practical advice and support.



Ensuring coordination of support services. Ensure a coordinated approach between different support services to reduce red tape for entrepreneurs. Consider opportunities for ZPR to create a one-stop shop.



Simplifying support processes. Simplify support application and reporting processes using digital platforms that automatically collect and process data.



Raising awareness of existing resources. Conduct information campaigns about existing support resources and how to use them effectively.



Creation and implementation of a long-term development strategy. Develop and implement a long-term strategy for supporting SMEs, based on real needs and trends, as well as forecasts of the business environment.



Obtaining regular feedback from SMEs, using a professional and statistically representative survey approach at least once every 12 months.



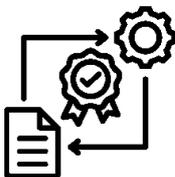
Presentation of innovation incentives - research and development component in financial reports. Although many companies carry out research and development activities by investing resources there, but this is not shown in the financial statements. Clarifying and encouraging SMEs to more actively use innovation components in their business operations and indicate them in reports.



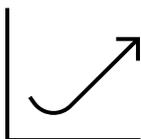
Introduce an additional department for studying EU funding opportunities in the ZPR. Proactively, ZPR to get involved in EU programs, attracting SMEs of the region.



Promote sectoral cooperation initiatives. Building strategic partnerships with industry associations and business networks to increase the reach and impact of public tenders.



Exchange of good practice experiences. Promote the exchange of best practices of EU member states in order to promote more effective communication with companies. Develop a plan by sector and involve SMEs.



Develop a specific plan for the promotion of SMEs in the region, which include improved opportunities for access to finance, tax incentives and incentives, measures to reduce red tape, measures to promote entrepreneurship education, measures to harness innovation, international cooperation, including environmental and sustainability initiatives.



Develop a smart specialization plan for the region. Develop support programs for specific sectors with high growth potential or regionally important sectors.



Promote foreign direct investment (FDI) in the region. Develop a plan for attracting FDI, including measures to improve the investment environment, improvement of the tax environment, stability and transparency of the legal environment, networking and partnership building, promotion of targeted industries and technologies, improvement of workforce qualifications and a plan of measures to promote FDI.

These proposals will help simplify the business support environment and promote communication with SMEs for further sustainable development in the Zemgale region.

9. Examples of good practice

As one of the examples of good practice of financial support and communication in the Zemgale planning region and in Latvia as a whole, the financial institution Altum is highlighted. Altum is the Latvian state financial institution that provides various financial instruments and support programs for the development of companies.⁴⁸ This institution works to promote business growth, innovation and job creation in Latvia. Also, Altum stands out with modern and relevant communication for companies. The following spheres of activity are considered the basis for successful and efficient work with small and medium-sized enterprises:

1. **Differentiated financial support:** Altum offers a variety of financial instruments, including loans and guarantees, to help companies invest in development, modernize production, introduce new technologies and carry out other business initiatives. These types of support can be a significant boost to business growth.⁴⁹ Altum is distinguished by the fact that the financing offered is differentiated for various business needs - SME growth loan, Start-up loan, Small loans in rural areas, Energy efficiency and sustainability of companies, Parallel loan, Low-rent housing construction, War effects support, Energy efficiency loan with capital discount, Loans for digitization. Such differentiation of funding shows the institution's understanding of the needs of companies.
2. **Programs for innovation and export:** Altum offers special programs focused on business innovation, export promotion and international cooperation. Such measures help companies expand their operations and compete internationally. Also, the results of the company survey (Chapter 7) show that most often companies need financing for the expansion of the company's operations, where the introduction of innovations and the start or expansion of exports play an important role.
3. **Flexible lending:** Altum offers flexible and adaptable credit solutions depending on the company's needs. This may include loans with appropriate conditions to facilitate business development. Such an opportunity is especially important for small and medium-sized companies.
4. **Communication and information:** Altum is involved in communication with companies, providing them with information about available support tools, as well as organizing seminars, trainings and events. It helps companies better understand the available resources and use them

⁴⁸Alto. Available:<https://www.altum.lv/>

⁴⁹Altum for business. Available:<https://www.altum.lv/pakalpojumi/biznesam/>

to match their needs. Altum gives each company the opportunity to apply for an individual consultation, as each company's solution may be unique. Likewise, Altum representatives are often seen in the media to promote the institution's activities and the available ways of support. The company also offers face-to-face consultations in the regions, for example, the Zemgale region consultation center is located in the city of Jelgava.

5. **Strategic cooperation:** Altum often cooperates with other public and private institutions to create favorable conditions for business growth and economic development. Such cooperation may include the creation of joint initiatives and the pooling of resources. Altum is involved in the implementation of EU Recovery Fund loan programs - Enterprise Energy Efficiency Program and Digitalization Program.

Both financial instruments and communication approaches together form Altum as an example of good practice in providing financial support to companies in Latvia. Differentiated financial support and individual solutions for companies of different sizes and spheres of activity should be highlighted as one of the main advantages.

LIAA representative offices in Jelgava and Bauska and Jēkabpils are an example of good practice not only with the available financial support for companies, but also with the support of mentors, experts and other companies, which is provided in the business environment created by the representative office.⁵⁰

LIAA representative offices offer **financial support to companies**, especially start-ups and the development of start-up projects. This may include:

- Grants and Subsidies: Non-repayable financial assistance is available to companies with innovative projects or high potential.
- Loans: By offering loans with favorable conditions, representative offices promote business growth and development in the region.

LIAA representative offices offer cooperation with **experienced mentors and experts** who provide:

- Advice and consulting: Entrepreneurs can benefit from the experience and knowledge of professionals to help solve specific problems or plan future strategies.
- Networking: Opportunity to make contacts with other entrepreneurs, experts and potential cooperation partners.

LIAA representative offices actively **promote communication and networking** by offering:

- Joint events and seminars: Events that bring entrepreneurs together can create opportunities to share experiences and build cooperation.
- Online platforms and resources: The possibility of using digital resources and online platforms for entrepreneurs to share information and ideas.

Companies of the Zemgale planning region have the opportunity to participate in the LIAA representative office in Jelgava⁵¹ or in Bauska⁵². Representative offices actively publish information on social network platforms and promote the success stories and experiences of the incubator's participants in order to promote interest from other companies as well.

These three aspects together form an effective ecosystem where companies not only receive financial support, but also develop by building their knowledge and contacts with other entrepreneurs and experts. Thus, LIAA Business Incubators can be an example of good practice for the development and promotion of companies in Latvia. To receive up-to-date information, I recommend visiting the LIAA official website or contacting LIAA representatives directly.

⁵⁰LIAA. About business incubators, available: <https://www.liaa.gov.lv/lv/biznesa-inkubatori/par-projektu>

⁵¹Jelgava representative office, available: <https://www.liaa.gov.lv/lv/parstavnieciba/jelgava>

⁵²Bauska representative office, available: <https://www.liaa.gov.lv/lv/parstavnieciba/bauska>

As one of the examples of financial and consultative good practice, the cooperation between the Competence Development Center of the Zemgale region and the Jelgava State City in the implementation of support is highlighted, where the center's experience, suitable training environment and municipal funding are combined to provide support to companies. Zemgale Region Competence Development Center (ZRKAC)⁵³ is an adult education institution financed by the municipality of Jelgava state, the purpose of which is to provide a quality lifelong learning offer that meets the needs of the residents of the city of Jelgava and the Zemgale region, and methodical and informational support for formal and informal educational institutions and educators. ZRKAC is currently the largest and most modern municipal adult education center in Latvia in terms of technical, human resources and educational services. Information about various courses, seminars and conferences, projects and various services of the center is available on the center's website.

Also, ZRKAC not only provides advisory support to companies, but also implements support measures for small and medium-sized companies financed by the city of Jelgava. The Jelgava state municipality grant program "Support for merchants and economic operators" gives entrepreneurs the opportunity to receive up to 10,000 euros of financial support from the municipality for the implementation of their project.

After the announcement of the "Jelgava City Municipality Grant Program "Support for Merchants and Economic Activity Operators"" call, merchants and economic activity operators who are registered in the Commercial Register or the State Revenue Service and carry out economic activity in Jelgava State City and who, at the time of submission and evaluation, have no tax debts over EUR 150, insolvency or liquidation or legal protection proceedings have not been initiated, capital shares are not owned by Jelgava Municipality, another state or municipal institution, business activities are not related to gambling, financial and insurance services, as well as the production of cigarettes, tobacco products and alcohol (except beer, wine and cider), the legal address is registered in the administrative territory of the municipality of Jelgava, as well as those who have not been a grant recipient of this program in the previous two calendar years. Likewise, each applicant must provide a co-investment of 20-30% for the realization of his project. The entrepreneur will be able to use the allocated funds only for the implementation of the goals specified in the application, and they will have to be acquired within 12 months.⁵⁴

Also, ZRKAC participates in the implementation of the "Impulss" competition of social entrepreneurship ideas. The competition is held with the aim of motivating entrepreneurs to focus on solving social problems important to the society and to encourage them to start social entrepreneurship in the city.⁵⁵ With the involvement of the center and the local government, the summer employment program is implemented from 9-11. class students. The purpose of employment is to promote temporary employment of students during the summer holidays in workplaces financed by the municipality of Jelgava state city, to create an opportunity for students to gain work experience by learning the necessary work skills and abilities, to create an understanding of professions, to promote career development and skill in preparing documents necessary for the establishment of employment legal relations.

This cooperation is highlighted as successful because it combines ZRKAC's long-term experience in organizing trainings and cooperation with entrepreneurs, as well as the financing available in the municipality and the will to support entrepreneurship. Compared to the municipalities of the Zemgale planning region, the support provided by the city of Jelgava stands out with the amount of funding – 10,000 EUR – and the consistency of support measures.

⁵³ZRKAC. Available: <https://zrkac.lv/>

⁵⁴Municipal grant program. Available: <https://www.jelgava.lv/uznemejdarbiba/atbalsta-programmas/pasvaldibas-grantu-programma/>

⁵⁵Social entrepreneurship ideas competition "Impulss", available: <https://www.jelgava.lv/jaunumi/pasvaldiba-izsludina-socialas-uznemejdarbibas-ideju-konkursu-impulss/>

Zemgale business center operates in Zemgale⁵⁶, which provides coordinated support for business development in the region and creates a single consulting network, coordinating cooperation with other business support institutions. Organize the business ecosystem and infrastructure, promote knowledge transfer and innovation in the specialization and RIS 3 sectors of the Zemgale economy, as well as increase the competitiveness of Zemgale entrepreneurs in world markets. The aim of the center is to organize the business ecosystem and infrastructure, to promote knowledge transfer and innovation in the specialization and RIS 3 sectors of the Zemgale economy, as well as to increase the competitiveness of Zemgale entrepreneurs in world markets. The center provides various types of assistance to entrepreneurs: advice and support on various funding attraction programs, information on business start-up, development and financial support opportunities, information on cooperation between entrepreneurs and scientists, research, development of new products, etc., advice and assistance in establishing business contacts, entrepreneurs meetings with potential foreign partners, digital training, etc.

An example of good practice	Short description	Identified strengths	Source of information
<p>Financing model of financial institution Altum</p>	<p>Altum is the Latvian state financial institution that provides various financial instruments and support programs for the development of companies. This institution works to promote business growth, innovation and job creation in Latvia. Also, Altum stands out with modern and relevant communication for companies.</p>	<p>Many success stories and calls for funding are posted on social media accounts: Facebook; Twitter; Institutions available for discussions, seminars and instructional videos YouTube in the channel; Representatives of the company regularly participate in podcasts, such as the show Krustpunktā or in a broadcast DIGITAL; Examples of good practice in the media; Altum especially highlights support for social enterprises, highlighting the importance of social enterprises in society -video; Various are available on the Altum website auxiliary materials, to help businesses with the application process. In general, Altum's communication can be described as modern and effective, as the most current information channels (social media) are used and information is conveyed to the public using current methods (videos, podcasts). In addition, Altum is highlighted as an example of good practice, as it offers companies differentiated financial support, which makes it necessary to regularly identify the needs of companies; Special programs for innovation and export;</p>	<p>3.1. Regional governance, main institutions and their roles</p>

⁵⁶ZUC, available:<https://zuc.zemgale.lv/>

		Altum has regional centers in Zemgale - Jelgava, Bauska and Jēkabpils - which promote direct and individual communication with potential beneficiaries.	
LIAA representative offices in Jelgava, Bauska and Jēkabpils	The LIAA representative offices in Jelgava and Bauska are an example of good practice not only with the available financial support for companies, but also with the support of mentors, experts and other companies, which is provided in the business environment created by the representative office.	The LIAA representative office in Jelgava actively uses social networks, for example Facebook – Jelgava ; Instagram ; Using this channel, the public is informed about the possibilities of applying to incubation programs, trainings, examples of good practice and other events. Representative offices hold businessmen's inspiration evenings " Lūzt vai plīst "; LIAA has established podcast "ENTREPRENEURSHIP" , which collects examples of good practices of LIAA representative offices, inviting entrepreneurs who participate in or have graduated from Incubation programs to a conversation. Create video ads and stories – Youtube . Offers financial support to companies, especially to start-ups and the development of start-up projects, during training companies have access to developed workbooks that serve as guidelines for the incubation process. LIAA representative offices offer cooperation with experienced mentors and experts, not only directly related to entrepreneurship. For example, are also offered speech school lessons ; Actively promotes communication and networking by organizing various events.	3.1. Regional governance, main institutions and their roles
Cooperation between the Competence Development Center of the Zemgale region and the city of Jelgava in the implementation of support	This cooperation combines the experience of the center, the appropriate training environment and the funding of the municipality to support the companies.	ZRKAC is currently the largest and most modern municipal adult education center in Latvia in terms of technical, human resources and educational services. Apply the training environment and the experience of the center's staff. The Jelgava state municipality grant program "Support for merchants and economic operators" gives entrepreneurs the opportunity to receive up to 10,000 euros of financial support from the municipality for the implementation of their project.	3.1. Regional governance, main institutions and their roles

		<p>ZRKAC use their own home page, to provide key information on current courses, trainings and competitions. The more user-friendly channel is the center Facebook page.</p> <p>Since the center promotes cooperation with the Jelgava State City and institutions of the Zemgale region in general, information about the center's events is also available Jelgava municipality website.</p>	
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Appendices

Appendix 1

Distribution of companies in the Zemgale region by industry, turnover, number of employees and taxes⁵⁷

	Number of companies			turnover, profit in EUR						Employees, total number	Taxes (SRS data)	
	In total	Increased turnover	New in selection	Net turnover, thousand	21/20	20/19	19/18	Earnings, thousand	Profitability		Set, thousand	VSAOI per employee, thous. EUR
In total	2156	69%	26%	4810233	16%	7%	6%	325,844	7%	41059	345,603	3.8
Construction	330	85%	46%	514 278	5%	-4%	8%	16,534	3%	6698	30,743	3.67
Energy	75	67%	17%	557,099	41%	-6%	1%	42 176	8%	2050	89,253	4.59
Information technologies, computer engineering	14	69%	9%	4899	-1%	48%	-14%	714	15%	75	1120	4.31
Agriculture	487	71%	14%	1,227,156	6%	13%	9%	106,663	9%	6566	47,926	3.49
Medicine and pharmacy	96	64%	10%	138,584	35%	8%	15%	14896	11%	3384	32,475	5.53
Media, advertising, education, creative industries	20	86%	35%	25,516	249%	-77%	47%	902	4%	240	1573	3.6
Forest sector	171	80%	20%	434 113	20%	6%	-9%	38,030	9%	3663	11917	3.79
Real Estate	79	80%	13%	64,298	1%	10%	26%	8623	13%	1435	10 134	2.81
Services	46	72%	15%	103,731	35%	9%	-11%	5553	5%	1430	11455	3.36
Financial, legal and business services	19	85%	9%	8537	6%	-6%	21%	1671	20%	226	1163	2.52
Food and beverage production	41	63%	11%	341 761	14%	10%	5%	12,054	4%	1639	15 189	4.47
Industry	94	68%	2%	372740	17%	-1%	10%	29,954	8%	4559	28 187	4.52
Telecommunications and communications	7	76%	6%	2086	9%	0%	3%	399	19%	54	242	2.61
Trade	267	86%	43%	630 641	19%	24%	12%	24,802	4%	3801	27,602	2.92
Transport, logistics, transportation	269	66%	13%	320 180	28%	-2%	0%	15,373	5%	3712	29,672	3.55
Tourism, hospitality, entertainment	64	75%	15%	26 136	3%	-10%	-4%	2381	9%	976	3897	2.04
Without industry	78	71%	15%	38,477	-28%	-31%	24%	5119	13%	551	3055	3

⁵⁷Latvian business annual report 2022. Firmas.lv, LETA. Available: https://www.firmas.lv/resources/lbgp/2022/books/lbgp_2022.pdf?v22

Population using the Internet in the regions (% of the total population in the relevant group)

		2017	2018	2019	2020	2021	2022	2023
Latvia	Generally used	84.2	86.7	88.4	91.6	93.7	93.1	93.8
	Used regularly (at least once a week)	78.5	81.2	83.7	86.9	89.7	90.0	91.4
Riga statistical region (Riga) (until 01.01.2024)	Generally used	88.7	91.0	91.1	93.6	95.6	94.1	94.8
	Used regularly (at least once a week)	83.4	84.9	87.3	90.0	92.8	92.1	93.0
Pieriga statistical region (until 01.01.2024)	Generally used	84.0	87.5	88.6	91.7	93.6	94.6	96.4
	Used regularly (at least once a week)	78.9	83.0	83.4	87.6	89.6	91.8	93.9
Vidzeme statistical region (until 01.01.2024)	Generally used	82.7	84.1	88.6	91.1	93.5	91.8	92.7
	Used regularly (at least once a week)	75.2	78.9	80.5	85.5	88.3	87.9	89.0
Kurzeme statistical region (until 01.01.2024)	Generally used	83.8	85.8	86.3	91.6	95.0	94.4	96.3
	Used regularly (at least once a week)	77.0	80.5	82.4	86.1	88.4	89.6	93.1
Zemgale statistical region	Generally used	83.5	85.8	90.5	93.7	92.8	93.0	93.2
	Used regularly (at least once a week)	79.3	81.3	86.7	88.3	89.4	89.9	91.0
Latgale statistical region	Generally used	75.8	79.0	81.7	85.1	89.2	88.1	85.9
	Used regularly (at least once a week)	69.2	71.8	76.5	78.7	84.5	83.7	83.3

Citizens' Internet usage goals (in percent)

		2017	2018	2019	2020	2021	2022	2023
Latvia	Use of e-mail	69.5	70.0	71.9	75.9	79.2	78.0	81.5
	Searching for information about goods and services	57.2	63.3	61.9	70.9	67.0	69.4	66.6
	Selling goods or services online on the Internet, e.g. eBay auctions	7,8	9.6	8,9	12.2	13.4	10.2	13.2
	Engagement in social networks	59.9	51.9	64.7	67.1	69.6	70.9	73.0
	Expressing opinions on civic or political current affairs (issues) on websites	7.2	...	10.4	...	15.2	17.3	15.2
	Engaging in online consultations or signing up for civic or political initiatives	4.9	...	6.2	...	13.8	11.4	13.7
Riga statistical region (Riga) (until 01.01.2024)	Use of e-mail	73.4	75.8	75.2	82.5	84.2	83.0	84.9
	Searching for information about goods and services	65.8	70.5	67.3	76.4	72.1	77.0	75.8
	Selling goods or services online on the Internet, e.g. eBay auctions	6.8	10.4	9.7	10.8	12.0	11.4	16.1
	Engagement in social networks	60.0	64.2	64.8	68.6	69.8	72.3	73.6
	Expressing opinions on civic or political current affairs (issues) on websites	6.9	...	11.4	...	14.1	13.5	16.6
	Engaging in online consultations or signing up for civic or political initiatives	4.6	...	7.5	...	14.0	13.0	19.1
Pieriga statistical region (until 01.01.2024)	Use of e-mail	71.0	70.4	70.9	76.8	76.9	76.7	81.2
	Searching for information about goods and services	56.5	63.5	59.0	71.7	66.8	70.0	65.4
	Selling goods or services online on the Internet, e.g. eBay auctions	7.7	6.9	6.2	9.3	12.9	10.5	12.0
	Engagement in social networks	62.1	61.8	64.4	68.8	69.9	69.5	74.3
	Expressing opinions on civic or political current affairs (issues) on websites	8.0	...	8.4	...	13.8	19.8	13.8
	Engaging in online consultations or signing up for civic or political initiatives	7.2	...	6.0	...	18.1	13.9	14.3
Vidzeme statistical region (until 01.01.2024)	Use of e-mail	66.9	66.6	69.8	72.8	79.7	76.2	79.2
	Searching for information about goods and services	52.0	61.2	59.0	69.1	70.7	65.0	68.4
	Selling goods or services online on the Internet, e.g. eBay auctions	9.7	12.0	10.6	21.8	25.2	12.4	19.0
	Engagement in social networks	61.8	62.9	62.5	69.6	70.6	71.6	76.1
	Expressing opinions on civic or political current affairs (issues) on websites	7,8	...	7.2	...	13.9	15.6	9.2
	Engaging in online consultations or signing up for civic or political initiatives	4.0	...	2.8	...	12.3	8,9	7.2
Kurzeme statistical region (until 01.01.2024)	Use of e-mail	68.9	69.4	72.8	71.8	78.6	78.4	83.7
	Searching for information about goods and services	53.2	56.9	56.8	63.1	58.4	58.9	51.1
	Selling goods or services online on the Internet, e.g. eBay auctions	8.6	11.4	8,9	11.5	9.9	7,8	7.2

	Engagement in social networks	62.6	60.4	70.2	65.3	71.6	71.9	73.5
	Expressing opinions on civic or political current affairs (issues) on websites	5.9	...	7.6	...	14.0	23.8	14.9
	Engaging in online consultations or signing up for civic or political initiatives	3.7	...	5.5	...	13.8	10.0	12.1
Zemgale statistical region	Use of e-mail	72.4	72.1	74.5	78.6	78.9	78.9	82.7
	Searching for information about goods and services	53.9	57.7	59.6	73.3	61.0	66.0	62.8
	Selling goods or services online on the Internet, e.g. eBay auctions	6.9	5.7	5.7	15.9	8.9	8.6	11.0
	Engagement in social networks	63.4	66.0	69.0	69.3	72.5	75.6	74.6
	Expressing opinions on civic or political current affairs (issues) on websites	9.3	...	19.1	...	21.6	26.1	25.4
	Engaging in online consultations or signing up for civic or political initiatives	6.8	...	9.4	...	14.4	13.6	12.0
Latgale statistical region	Use of e-mail	58.2	57.2	63.6	62.3	70.9	67.0	70.9
	Searching for information about goods and services	48.0	57.6	61.3	62.3	65.4	64.8	60.8
	Selling goods or services online on the Internet, e.g. eBay auctions	8.9	11.2	12.1	10.4	16.1	9.1	10.6
	Engagement in social networks	50.1	50.6	57.5	58.9	63.3	63.7	65.7
	Expressing opinions on civic or political current affairs (issues) on websites	5.8	...	8.4	...	16.3	10.8	9.2
	Engaging in online consultations or signing up for civic or political initiatives	2.8	...	3.8	...	7.5	4.6	6.2