



Functional review of Blue Growth RIS3 steering process & operational structure

Analysis of state of the play in Riga Planning Region (WP 2.1)

Smart Blue Regions Project Report

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INTRODUCTION

Riga Planning Region is one of five planning regions of the Republic of Latvia and it has been decided by the government of Latvia to elaborate a common RIS3 strategy for the whole country. Country's RIS3 strategy consists of three documents – Report on the Elaboration of Smart Specialization Strategy (Ministry of Education and Science), Research, Technological Development and Innovation Framework 2014-2020 (Ministry of Education and Science) and National Industrial Policy Guidelines 2014-2020 (Ministry of Economy). And there is also European Union Structural and Investment Funds Operational Programme “Growth and Employment” 2014-2020 which sets out investments from EU.

Riga Planning Region has elaborated and approved Sustainable Development Strategy 2030 and Development Programme 2020, Research on the Potential for Smart Specialization of Riga Planning Region, Economic Profile of Riga Planning Region and Spatial Development Plan 2025. When the elaboration of these documents started, experts and responsible persons in Riga Planning Region decided that the principles and priorities of RIS3 has to be included in those documents. Monitoring and evaluation process as well as functional processes are common for all the regional planning documents.

Connected document to the “Blue growth” in Riga Planning Region is Human Safety and Saving Plan for the Baltic Seaside in the Riga Region territory and there is a research done about the usage of sea territories in the context of blue growth and its impact on the environment of sea waters.

1. Analysis of regional context/analysing the innovation potential

Riga Planning Region is located in the centre of Latvia and also Baltic countries with Riga City in the centre of region, though it consists of 30 local municipalities. Region covers only 16,2% of the territory of Latvia, but 50,5% of all inhabitants of Latvia live in the region.

Region is also characterized by dynamic entrepreneurial activity because half of all enterprises of Latvia are located in Riga Planning Region as well as half of all employees are employed in enterprises located in the region. It is estimated that 70% of Latvia's GDP is accumulated in the region and close to 80% of all the foreign investments are made in the region. Riga International Airport, Riga Freeport Authority as well as juncture of railways and motorways are located in the region.

Due to the situation that most of the universities and research and scientific institutions in Latvia are located in the region, close to 80% of all the students of Latvia study in the region.

Table 1. RIS3, Blue Growth and priorities of Riga Planning Region

Document	Themes and/or Goals
EU RIS3	Themes: <ol style="list-style-type: none"> 1. Agri-Food 2. Digital Growth 3. Energy 4. Industrial modernization 5. Value chains
EU Blue Growth	Focus areas: <ol style="list-style-type: none"> 1. Blue energy 2. Aquaculture 3. Maritime, coastal and cruise tourism 4. Marine mineral resources 5. Blue biotechnology
Latvia RIS3	Specialization areas: <ol style="list-style-type: none"> 1. Knowledge-intensive bio-economics 2. Biomedicine, medical technologies, biopharmacy and biotechnologies 3. Smart materials, technologies and engineering systems 4. Smart energetic 5. Information and communication technologies
RPR Long-term Sustainable Strategy	Strategic objective: <ol style="list-style-type: none"> 1. SM 1 Socially involving cohabitation in prosperous communities 2. SM2 Knowledge based green, innovative and flexible economics 3. SM 3 Ecologically tolerant way of living and

	areas
RPR Development Programme	<p>Priorities:</p> <ol style="list-style-type: none"> 1. P3 Flexible and outstanding education 2. P4 Globally competitive areas 3. P5 High-quality transport and logistics 4. P8 Smart development
RPR Economic Profile	<p>Knowledge – based business services (finances, programming, consulting), cultural services, production in different spheres (pharmacy, biochemistry, wood processing) and transport services are part of the global economic mainstream and demonstrate gradual growth.</p> <p>Radially concentrated traffic infrastructure connected with logistics nodes (ports, airports, railway stations) form the basis of the economic networks.</p>
RPR Research on the Potential for Smart Specialisation of Riga Planning Region	<p>Research focuses on defining smart specialization from the public sector point of view thus analyses potential for smart specialization of local municipalities in the region.</p>

Identified potential of Riga Planning Region:

1. **Research and development services** (research institutions located in Riga Planning Region – Latvian Institute of Organic Synthesis, Institute of Physical Energetics, Institute of Solid State Physics, Latvian Biomedical Research and Study Centre, Institute of Biomedical Engineering and Nanotechnologies etc.) – potential includes elaboration of new technologies, products and services in such areas:
 - 3.1. Agrobiotechnologies;
 - 3.2. Biomedicine and biopharmacy;
 - 3.3. Energy;
 - 3.4. ICT;
 - 3.5. Materials science;
 - 3.6. Medicine;
 - 3.7. Forestry research.
4. **Creative industries** – includes design, audiovisual media and multimedia as having highest potential for exports.
5. **High added-value production and services** – includes both production and services with a potential of high added-value and exports:
 - 5.1. Production of pharmaceuticals;
 - 5.2. Production of organic chemistry elements;
 - 5.3. Production of medical and precision instruments;
 - 5.4. Machinery production;

- 5.5. Life insurance;
 - 5.6. Research services;
 - 5.7. Trade intermediary.
6. **Nonstandart products and "just on time" exports** - as most of production in Latvia is located in the Riga Planning Region, there are several areas which have high potential for adapting to new demands in markets:
- 6.1. Agri-food and drinks production;
 - 6.2. Wood processing;
 - 6.3. Textiles and clothing;
 - 6.4. Chemical industry;
 - 6.5. Publishing.
7. **Air and maritime transportation** – Rīga is a juncture of railways, motorways, airport and sea port for both cargo and passengers, but industries with highest value-added and export potential are:
- 7.1. Rīga International Airport;
 - 7.2. Rīga Free Port.
8. **Tourism** – Rīga and Jūrmala are destinations for both international and local tourists:
- 8.1. Rīga - has a potential because of cultural heritage and its services as well as green environment;
 - 8.2. Jūrmala – has a potential because of health and SPA services.
9. **Green economy and sustainable living** – includes environment friendly tourism and recreation and wellness services.

It has been identified that there are such **preconditions for the development of innovative entrepreneurship** in Riga Planning Region:

1. Attractive urban environment and international networking;
2. Development of innovation system;
3. Internationally attractive higher education;
4. Internationalization of research institutions;
5. Development of clusters;
6. Venture capital sector;
7. Entrepreneurship as a career.

2. Setting out the RIS3 process - functional processes on the public side

RIS 3 process has been separately defined at the national level in Latvia, but it is incorporated in the management, implementation and monitoring system of Riga Planning Region's Long-term Sustainable Development Strategy and Development Programme.

At the national level there are two ministries responsible for the RIS3 – Ministry of Education and Science which is responsible for the policy of education, research and innovation and Ministry of Economics which is responsible for the economic policy including industrial policy. EU Funds Operational Programme is also elaborated and approved at the national level, but in cooperation with different stakeholders.

At the regional level there are planning regions and in our case Riga Planning Region which consists of Development Council and Administration. Development Council is approved at the General Meeting of Chairmans of Local Governments every four years and consists of 35 members. Every local government has one representative except for Riga City which has 6 members. Administration of Riga Planning Region has few functions, i.e., development planning, regional public transportation, support for the entrepreneurship development, elaboration and implementation of regional and international projects financed from EU.

Different stakeholders are involved at national and regional level – research institutions, local governments, industry associations (Latvian Chamber of Commerce and Industry), higher education institutions (University of Latvia, Riga Technical University etc.), service providers (e.g. airport and seaport), business incubators (e.g. green incubator and creative incubator), municipal associations (e.g. association of Latvian seashore municipalities etc.) etc.

3. Understanding of the target group

As mentioned in the section 2 of this review, there are several different stakeholders involved in the functional processes of RIS3, mainly at the national level. Stakeholders are commonly beneficiaries of Riga Planning Region priorities set in the Development Programme.

Priorities and beneficiaries:

- 1) *P3* Flexible and outstanding education
Beneficiaries: Research institutions, universities, industries
- 2) *P4* Globally competitive areas
Beneficiaries: Research institutions, universities, industries, culture institutions, clusters, business incubators, service providers, tourism sector companies, technology companies
- 3) *P5* High-quality transport and logistics
Beneficiaries: Industries, service providers, universities, business associations, local governments, clusters
- 4) *P8* Smart development
Beneficiaries: Universities, industries, local governments

It has been stated that the cooperation among actors, stakeholders, beneficiaries, public sector and private sector etc. is of crucial importance for a efficient management and implementation of RIS# and Riga Planning Region's Development Programme.

4. Developing a shared vision

Vision is a part of the development planning documents and is closely linked to the strategic objectives, priorities and actions set in the Long-term Sustainable Development Strategy and Development Programme of Riga Planning Region.

Vision of Riga Planning Region.

People – Population in the region is stable. A relatively low birth rate is compensated by remigration and a positive migration balance. In the region, most of the population at working age has higher or vocational education, and almost all of the population is involved in lifelong learning processes. The governance increases the number of various humane facilities, loosens legal capacity, labour-intensiveness and cohesion of communities for the purpose of achieving common objectives. Within the average term, the region will become an attractive area of skilled workers requires on the market, as well as for migrants.

Values – The role of the place and its vicinities has increased in regard to awareness and activity. The region's residents are aware of their belonging to both the local and the regional cohabitation and behave responsibly towards it, as well as feel safe due to interconnection and peer benevolence towards ethnic and cultural diversity.

Smart development – It is flexible – based on knowledge, willingness to change, activity and respect to the place and global processes. Wisdom is manifested in action, which is focused on self-

sufficiency and balance of the location in energy production and consumption. The distance from home to workplace is constantly decreasing, along with the frequency of the use of vehicles. The region as a whole and each place forms a system of green areas and green elements.

Distinctions – Areas of distinction of Riga Region are knowledge-based technologies, smart development technology, biotechnologies, visual and acoustic art, quality of the urban living environment, as well as quality of rural areas, green areas and water areas.

Riga as a metropolis – City of Riga is a national and multicultural metropolis of Northern Europe – the driving force of Latvia and the region. Within the time of one generation, the role of Riga has increased: Riga has become a powerful organizing force that enhances prosperity and activity in the region, Latvia and the Baltic Countries. It is developing as the most dynamically visible and united centre in the Baltics. Riga stands out in the Baltic Sea region and the world owing to its distinctions in several fields. The region with its centre in Riga is both the Eurasian and north-south and east-west connection and logistics hub, as well as the place of business and cultural synergies.

Mobility – The region is still developing a common transport system, whose core consists of all kinds of public transport networks that ensure geographically regular accessibility within the time conforming to the daily mobility requirements, in which the region is a unified working and living space.

Areas – taking into consideration the history of Riga, it is possible to say that in the future Riga as a metropolis will be linked with the areas surrounding it – the urban and green areas of the city's suburbs, the Gulf of Riga and its coasts. Each of the areas is characterized by a distinct value, a balance of nature and human activities, specialization and sustainable uses of resources.

During the process of elaboration of the vision and development planning documents of Riga Planning Region there was constant communication and collaboration with different stakeholders and groups of society, e.g. inhabitants, local governments, youth, business sector, research institutions etc. Several formal and informal meetings took place and several areas of the region so to cover the whole territory.

5. Identifying the priorities

Below listed priorities are the ones connected to Blue Growth and RIS3, defined in the Riga Planning Region's Long-term Sustainable Development Strategy and Development Programme:

1) P3 Flexible and outstanding education

Key words: education based on life cycles, continuous, responding to changing labour market, developing creativity, involving, open, being able to export, culture and Latvian way of life

Actions:

RV 3.3. Connection of innovative entrepreneurship, outstanding research and higher education in the areas of smart development

2) P4 Globally competitive areas

Key words: specialization, knowledge, research, technologies, succession

Actions:

RV 4.1. Support for knowledge and technology export to companies and industries with outstanding, innovative and international "niche" products and services

RV 4.2. Development of education and research organizations, centers and infrastructure

RV 4.3. Strengthening of culture and creative industries

RV 4.4. Development of tourism and marketing to promote international recognition of the region

RV 4.5. Support for the creation of outstanding environmental services and products in companies and areas

3) P5 High-quality transport and logistics

Key words: transport and logistics services, efficient infrastructure, convenient internal and international mobility, co-modality, green corridors

Actions:

RV 5.1. Development of common inner and international infrastructure networks

RV 5.3. Development of N-S and E-W connections and hubs

RV 5.4. Development of integrated inner and seashore waterway network

4) P8 Smart development

Key words: education, cooperation, information, sustainable energy systems

Actions:

RV 8.1. Elaboration and implementation of smart specialization policy in smart development territories and areas

RV 8.2. Detailed self assessment of smart specialization

RV 8.3. Promotion of productivity of entrepreneurship

RV 8.4. Promotion of entrepreneurship which is based on the local resources

RV 8.5. Promotion of innovative, sustainable and safe (green) mobility

RV 8.6. Promotion of cooperation between Riga City and neighboring municipalities

6. Defining an action plan with a coherent policy mix

The most important development planning documents at regional level that include regional policies relevant for the “blue” priorities and “smart” specialization are Riga Planning Region’s Long-term Sustainable Strategy and Development Programme.

At national level there are several important policy documents that include aspects of “blue growth” and “smart specialization”:

- Report on the Elaboration of Smart Specialization Strategy (Ministry of Education and Science)
- Research, Technological Development and Innovation Framework 2014-2020 (Ministry of Education and Science)
- National Industrial Policy Guidelines 2014-2020 (Ministry of Economics)
- Energy Development Guidelines 2016-2020 (Ministry of Economics)
- Plan “Action Programme to Achieve Good Condition of Sea Environment 2016-2020” (Ministry of Environmental Protection and Regional Development)
- Action Programme to Secure Quality and Reduction of Waste in Prior Fishing Waters and Bathing Waters (Ministry of Environmental Protection and Regional Development)
- Seashore Spatial Development Guidelines 2011-2017 (Ministry of Environmental Protection and Regional Development)
- Landscape Policy Guidelines 2013-2019 (Ministry of Environmental Protection and Regional Development)

Regarding Latvia’s Operational Programme “Growth and Employment” there is a large share of funds allocated specifically to promote RIS3 and “blue growth”, specifically:

- improvement of economic productivity, added value, quality of innovation, research and science;
- sustainable and efficient transportation infrastructure;
- sustainable use of natural and cultural resources;
- high quality and efficiency of education system;
- balanced and sustainable territorial development.

Priority axes set in the Operational programme and funding available:

- Development and innovation of research, technology. Funding allocated – 467 mlj. EUR;
- ICT availability, e-government and services Funding allocated – 172 mlj. EUR;
- Competitiveness of small and medium enterprises. Funding allocated – 296 mlj. EUR;
- Transition to a low-carbon economy in all sectors. Funding allocated – 286 mlj. EUR;
- Protection of environment and effective use of the resources. Funding allocated – 432 mlj. EUR;
- Sustainable transportation system. Funding allocated – 235 mlj. EUR;
- Education, skills and lifelong learning. Funding allocated – 277 mlj. EUR.

7. Monitoring and evaluation

Monitoring and evaluation system of Riga Planning Region's Long-term Sustainable Development Strategy and Development Programme was elaborated common for both documents and approved by the Development Council as a part of development planning system.

Administration of Riga Planning region is responsible for the management of this system and elaboration of reports on implementation after every two years.

Monitoring and evaluation is done according to the approved principles, priorities, actions, indicators and responsible persons/authorities. Evaluation is organized into two levels, firstly to evaluate implementation of priorities, secondly to evaluate implementation of activities.

Qualitative and quantitative methods are used to collect data and information necessary to elaborate a report.