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If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*<sup>1</sup> has adopted and the President has proclaimed the following Law:

## **Regional Development Law**

### **Chapter I General Provisions**

#### **Section 1. Terms Used in this Law**

The following terms are used in this Law:

1) **regional development** – productive changes in the social and economic situation in the entire territory of the State or separate parts thereof;

2) **regional policy** – guidelines and purposeful activity of the government in promoting regional development by co-ordinating sectoral development in conformity with the development priorities of separate parts of the State territory and by providing direct support for development of separate parts of the State territory; and

3) **territorial development index** – artificial index, which compiles separate territorial group indicators and characterises the development level of the territory.

[8 November 2007]

#### **Section 2. Purpose of the Law**

The purpose of this Law is to promote and ensure balanced and sustainable development of the State, taking into account special features and opportunities of the entire State territory and of separate parts thereof, to reduce the unfavourable differences among them, as well as to preserve and develop the features characteristic of the natural and cultural environment of each territory and the development potential thereof.

<sup>1</sup> The Parliament of the Republic of Latvia

### **Section 3. Regional Development Support Measures**

Regional development support measures are a programme and a set of relevant projects to be implemented in order to attain the objectives of this Law.

### **Section 4. Basic Principles of Regional Development**

In the process of planning, management, financing, monitoring and assessment of regional development the following basic principles shall be observed:

1) **principle of concentration** – financing channelled in support of regional development shall be concentrated towards attainment of specific priority objectives;

2) **principle of programming** – regional development support measures shall be implemented on the basis of regional development planning documents developed at the national level, the level of planning regions, district and territorial local governments, which documents determine the totality of development priorities and support measures;

3) **principle of partnership** – ensures co-operation between State administrative institutions, international institutions, planning region development councils, local governments, non-governmental organisations and entrepreneurs;

4) **principle of additionality** – priorities determined by the State regional policy shall be financed from the State budget with the financial participation of local governments, foreign financial assistance, legal persons and natural persons, including donations; priorities determined at the level of planning regions, district and territorial local governments shall be financed from the budget of the relevant local government with financial participation of the State, foreign financial assistance, legal persons and natural persons, including donations; in addition, regional development support financing at various levels shall be mutually supplementary and shall not replace one another. The amount of co-financing for recipients of support in investment and commercial activity support programmes shall be determined and differentiated in conformity with a local government or the relevant territory being part of the territory to be specially supported; a more favourable amount of co-financing being determined for recipients of support in specially supported territories;

5) **principle of transparency** – the process of regional development planning and decision taking in respect of support measures shall be public, and the public shall be informed of the accessibility of regional development planning and support measures and the results attained;

6) **principle of subsidiarity** – the duties of public authority shall be fulfilled as far as possible by the authority which is closest to the person and can ensure effective fulfilment of duties at a lower level of administration; and

7) **principle of sustainability** – ensures for the existing and next generations a qualitative environment, balanced economic development, rational utilisation of natural, human and material resources, as well as preservation of natural and cultural heritage.

*[13 February 2003]*

### **Section 5. Planning Regions**

(1) A planning region is a derived public person. Its decision-taking institution is the Planning Region Development Council.

(2) The Cabinet shall determine the territories of the planning regions in accordance with proposals submitted by local governments.

(3) The planning regions are Kurzeme Planning Region, Latgale Planning Region, Rīga Planning Region, Vidzeme Planning Region and Zemgale Planning Region.  
*[22 June 2006]*

## **Chapter II**

### **Regional Development Planning Documents**

#### **Section 6. Regional Development Planning Documents**

(1) Regional development shall be implemented in conformity with the following mutually co-ordinated State and regional development planning documents:

- 1) National Development Plan;
- 2) National Spatial Plan;
- 3) Regional Policy Guidelines;
- 4) sectoral development programmes;
- 5) development programmes and spatial plans of planning regions;
- 6) development programmes and spatial plans of district local governments; and
- 7) development programmes and spatial plans of territorial local governments.

(2) The Cabinet shall determine the procedures for development, implementation, monitoring and public discussion of the National Spatial Plan and National Development Plan.

*[19 December 2002; 10 March 2005]*

#### **Section 7. Regional Policy Guidelines**

Regional Policy Guidelines is a long-term (10 and more years) regional policy planning document, which embodies the main basic principles, objectives, priorities and directions of regional development.

#### **Section 8. National Spatial Plan**

The National Spatial Plan shall be regulated by the Spatial Planning Law.

#### **Section 9. National Development Plan**

(1) The National Development Plan is a medium-term (seven years) strategic planning document in which are mutually co-ordinated sectoral and regional development priorities and the financial sources for the implementation thereof. The aim of the National Development Plan is to facilitate balanced and sustainable development of the State and to ensure the increase of Latvia's competitiveness in the European Union.

(2) The National Development Plan shall be developed in accordance with the objectives and priorities specified in the Regional Policy Guidelines and in the National Spatial Plan, taking into account the development priorities set by the development programmes and territorial spatial plans of planning regions.

*[10 March 2005]*

## **Section 10. Sectoral Development Programme**

(1) The sectoral development programme is a medium-term (seven years) policy planning document, which applies to a particular sphere and sets objectives, main tasks and results to be achieved in the development of that sphere.

(2) The sectoral development programme shall be prepared and implemented in accordance with the Regional Policy Guidelines, the National Spatial Plan and the National Development Plan.

*[19 December 2002]*

## **Section 11. Development Programme of a Planning Region**

(1) The development programme of a planning region shall be developed by each planning region and it is a medium-term (seven years) regional policy planning document which sets out the development priorities of the relevant planning region and contains a set of specific measures.

(2) The development programme of a planning region shall be developed and implemented in accordance with the Regional Policy Guidelines, the National Spatial Plan, the National Development Plan and the territorial spatial plan of the relevant planning region, taking into account the development programmes and spatial plans of the local governments located in the planning region.

(3) The development programme of a planning region shall be approved by the Planning Region Development Council.

## **Section 12. Development Programmes of District Local Governments**

(1) The development programme of a district local governments is a long-term (twelve years) regional policy planning document in which is specified the development priorities of the relevant district local government and contains a set of specific measures.

(2) The development programme of a district local government shall be prepared and implemented in accordance with the territorial spatial plan of the relevant district local government and the development programme and territorial spatial plan of that planning region which region encompasses the relevant district local government, taking into account the development programmes and spatial plans of the local governments located in the territory of the district.

(3) The development programme of a district local government shall be approved by the relevant local government district council.

*[10 March 2005]*

## **Section 13. Development Programmes of Territorial Local Governments**

(1) The development programme of a territorial local government is a long-term (twelve years) regional policy planning document in which is specified the development priorities of the relevant territorial local government.

(2) The development programme of a territorial local government shall be developed and implemented in accordance with the territorial spatial plan of the relevant territorial local government and the development programme and territorial spatial plan of that district local government which encompasses the relevant territorial local government.

(3) The development programme of a territorial local government shall be approved by the relevant local government parish council (city council).

*[10 March 2005]*

### **Chapter III Competence of Public Institutions**

#### **Section 14. Competence of the Cabinet**

The Cabinet shall:

- 1) approve the Regional Policy Guidelines and the National Development Plan;
- 2) determine procedures for implementation, evaluation and financing of State regional development support measures;
- 3) *[13 February 2003]*
- 4) determine the procedures for the exchange of information between the institutions involved in the operations of the monitoring and evaluation system of regional development;
- 5) determine procedures for the calculation and application of the territorial development index;
- 6) determine the criteria for the granting of State grants to local governments and planning regions for the implementation of European Union structural fund and Cohesion Fund co-financing projects; and
- 7) determine the procedures by which earmarked grants for investments are granted and utilised.

*[19 December 2002; 13 February 2003; 22 June 2006; 8 November 2007]*

#### **Section 15. National Regional Development Council**

(1) For the co-ordination of regional development, spatial planning and land policy in the State, the Cabinet shall establish a National Regional Development Council.

(2) The composition of the National Regional Development Council shall include in even numbers representatives of State administrative institutions and representatives from the planning regions and local governments. The chairperson of the National Regional Development Council shall be the Minister for Regional Development and Local Government.

(3) The National Regional Development Council shall perform the following functions in respect of regional development, spatial planning and land policy:

- 1) evaluate policy planning documents and draft regulatory enactments in relation to regional policy, spatial planning and in the field of land policy;
- 2) evaluate regional level planning documents, and facilitate their mutual compatibility and co-ordination with State level policy planning documents;
- 3) examine reports regarding the course of the implementation of regional policy, spatial planning and land policy and provide proposals for the improvement of the referred to policies;
- 4) evaluate proposals regarding regional development support measures and reports regarding the effectiveness of the implementation of the relevant measures, ensuring the mutual co-ordination of regional development support measures;
- 5) evaluate criteria for the territorial division of regional development support measure financing; and
- 6) perform other functions prescribed by regulatory enactments.

(4) The number and the nomination procedures thereof of the representatives to the National Regional Development Council, as well as the work organisation of the Council shall be determined by the Cabinet.

*[13 February 2003; 10 March 2005; 26 April 2007]*

## **Section 16. Ministry of Regional Development and Local Government**

The Ministry of Regional Development and Local Government is the leading institution for the development and implementation of State regional policy, as well as the co-ordination of implementation of the State support measures for regional development. The Ministry of Regional Development and Local Government shall monitor the work of the planning regions.

*[13 February 2003; 22 June 2006]*

### **Section 16.1 Competence of Planning Regions**

(1) Planning regions within the scope of their competence shall ensure the planning and co-ordination of regional development, and co-operation between local government and other State administrative institutions. In addition to the competences specified in other regulatory enactments, planning regions shall:

1) determine the main basic principles, aims and priorities for the long-term development of the planning region;

2) ensure the co-ordination of the development of the planning region in conformity with the main basic principles, aims and priorities specified in regional development planning documents;

3) manage and monitor the development and implementation of planning region development programmes and spatial plan;

3<sup>1</sup>) evaluate and provide opinions regarding the mutual co-ordination of regional and territorial level development planning documents and the conformity thereof to the requirements of regulatory enactments;

4) ensure local government co-operation and the co-operation of the planning region with national level institutions for the implementation of regional development support measures;

5) evaluate the conformity of the national spatial plan, national development plan and sectoral development programmes to the planning region development programme and spatial plan and, in determining non-conformity, propose amendments to the national level development planning documents or decide regarding amendments to the planning region planning documents;

6) evaluate the projects submitted by territorial local governments or private persons for the receipt of regional development State aid and provide opinions in respect of them;

7) in co-operation with local governments and State institutions, develop a planning region development programme and spatial plan, ensure the co-ordination thereof with the national spatial plan, national development plan and sectoral development programmes, as well as the management of the implementation thereof;

8) co-ordinate and promote the development, implementation, supervision and evaluation of planning region regional development support measures;

9) prepare opinions regarding the conformity of national level development planning documents to the planning region development programme and spatial plan; and

10) develop and implement projects within the scope of regional development support measures.

(2) In order to implement the competences of planning regions, the Planning Region Development Council;

1) shall approve the by-laws and budgets of planning regions;

2) may establish, reorganise and abolish planning region institutions and capital companies;

3) may decide regarding participation in associations and foundations;

4) may specify remuneration in respect of the fulfilment of the duties of council chairperson, members of the council and administrative employees and the procedures for the payment thereof; and

5) may specify the types of paid services provided by the planning region and the amount of payment.

*[22 June 2006; 8 November 2007]*

## **Section 17. Planning Region Development Council**

(1) The Planning Region Development Council shall be elected from among the councillors of the relevant local governments by a general assembly of the chairpersons of local governments located in the planning region. The general assembly of the chairpersons of local governments, unless otherwise specified by law, shall take decisions as follows:

1) if none of the participants of the general assembly objects, decisions shall be taken without voting, by agreement; or

2) if even only one of the participants of the general assembly objects, the decision shall be voted upon. A decision shall be taken if more than half of the participants of the general assembly vote for it and those voting for the taking of the decision represent not less than half of the total number of inhabitants of the relevant planning region local governments. The number of inhabitants shall be determined in conformity with Population Register data not earlier than one week prior to the day of the general assembly.

(2) The chairperson of the Planning Region Development Council shall be elected by the Planning Region Development Council from among the council members elected to it.

(3) Meetings of the Planning Region Development Council shall be open and representatives of State administrative institutions, international institutions, non-governmental organisations, entrepreneurs and local governments located in another planning region may participate in such meetings in the capacity of advisors.

(4) A by-law shall determine the procedures by which a decision is taken by the Planning Region Development Council.

*[19 December 2002; 22 June 2006]*

## **Section 17.<sup>1</sup> Procedures for the Financing of Planning Regions**

(1) The sources of financing for planning regions may be the following:

1) State budget grants for the support of planning regions and other State budget grants;

2) own revenue, including revenue from paid services provided by the planning region;

3) grants from local government budgets in accordance with contracts entered into by a local government and a planning region;

4) foreign financial aid funds; and

5) donations and gifts.

(2) For the receipt of State budget funds and for the implementation of the tasks to be performed therefrom, a planning region shall open a current account with the Treasury. The responsible ministry in conformity with the State budget appropriation shall pay the grant into the current account. At the end of the year unutilised State budget grants shall be paid into the State budget as revenue.

(3) A planning region may open a current account with the Treasury for the accounting of such funds as are not planned in the State budget. At the end of the year the account surplus shall remain at the disposal of the planning region, and the planning may use it in the next financial year.

*[8 November 2007]*

### **Section 18. Planning Region Co-operation Committee**

(1) In order to ensure co-ordination and co-operation with national level institutions and planning regions for the implementation of regional development support measures, each planning region shall establish a Planning Region Co-operation Committee.

(2) The meetings of the Planning Region Co-operation Committee shall be open and the chairperson of the Planning Region Development Council shall chair them.

(3) Ministries and the secretariats of special task ministers (hereinafter – ministries) shall appoint co-operation co-ordinators, who shall ensure exchange of information between the planning region and the ministry. Each ministry shall inform the Planning Region Development Council and the Ministry of Regional Development and Local Government regarding the appointment of a co-operation co-ordinator.

(4) The composition of a Planning Region Co-operation Committee shall be:

- 1) representatives assigned by the Planning Region Development Council; and
- 2) representatives assigned by the ministries.

(5) The chairperson of the Planning Region Development Council not later than two weeks prior to a meeting of the Planning Region Co-operation Committee shall inform the relevant ministry co-operation co-ordinators regarding the issues to be discussed at the meeting of the Planning Region Co-operation Committee and invite the relevant ministry to ensure its participation in the meeting of the Planning Region Co-operation Committee.

(6) In the case referred to in Paragraph five of this Section, a ministry shall assign its representatives for participation in the meeting of the Planning Region Co-operation Committee in conformity with issue to be discussed.

*[19 December 2002; 22 June 2006]*

## **Chapter IV Financing of Regional Development**

### **Section 19. Sources of Financing of Regional Development**

(1) Regional development support measures shall be financed from the State budget, budgets of local governments, foreign financial assistance resources, and from payments by legal persons and natural persons, including donations.

(2) Regional development support measures, which have been included in the National Development Plan, shall be financed from the State budget, budgets of local governments and foreign financial assistance resources, as well as from legal person and natural person resources.  
*[10 march 2005]*

### **Section 20. Regional Fund**

(1) The Cabinet shall establish a Regional Fund for promoting regional development. The Minister for Regional Development and Local Government shall supervise the operation of the Regional Fund.

(2) Resources included in the Regional Fund may be channelled for facilitating the development of specially supported territories.

(3) By-laws of the Regional Fund shall be approved by the Cabinet.

*[13 February 2003]*

### **Section 21. Allocation of Regional Development Financing**

(1) Regional development financing shall be allocated for regional development support measures, which conform to the main basic principles, objectives and priorities set out in the regional development policy planning documents, and for the management of such measures.

(2) The Law on Control of Aid for Commercial Activity shall be applied to regional development financing which is considered to be aid for commercial activities.

(3) *[22 June 2006]*

*[19 December 2002; 22 June 2006]*

## **Chapter V Specially Supported Territories**

### **Section 22. Concept of Specially Supported Territories**

A specially supported territory is a territory where negative trends of economic and social development or one of such trends persist long-term and to which the status of a specially supported territory has been granted by law.

### **Section 23. Status of a Specially Supported Territory**

(1) The purpose of granting the status of specially supported territory is to create opportunities for economic and social development for economically weak or less favourable territories in order to promote the development of equal social and economic conditions throughout the territory of the State.

(2) Development of specially supported territories shall be promoted by means of a special credit policy, tax relief, and resources from the Regional Fund which resources shall ensure additional opportunities to finance projects the implementation of which in the relevant territory promotes economic activity, creates new and protects existing jobs and promotes improvement of the standard of living of the residents of such territory.

## **Section 24. Determination of a Specially Supported Territory**

The status of specially supported territory shall be granted and terminated by the planning region development councils in accordance with procedures prescribed by the Cabinet.

### **Transitional Provisions**

1. With the coming into force of this Law, the Law on the Specially Supportable Regions is repealed (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1997, No. 13; 1999, No. 10).
2. The Regional Development Council, established in accordance with the Law on the Specially Supportable Regions, shall continue to perform its functions until the establishment of the National Regional Council.
3. The status of specially supported region, granted in accordance with the Law on the Specially Supportable Regions, shall be in force until 27 June 2004.
4. The Regional Fund established in accordance with the Law on the Specially Supportable Regions shall continue its operation until the moment the Regional Fund provided for in this Law is established which Fund shall be its successor in rights and obligations.
5. The Cabinet shall:
  - 1) by 1 September 2002, issue the regulations and recommendations provided for by Section 6 of this Law, offer proposals in respect of the territories of the planning regions and determine procedures by which the issue regarding the territories of the planning regions shall be co-ordinated with the local governments located therein;
  - 2) by 15 October 2002, determine the territories of the planning regions provided for in Section 5 of this Law;
  - 3) by 1 January 2003, approve the by-laws of the National Regional Development Council provided for in Section 15, Paragraph three of this Law;
  - 4) by 31 December 2003, issue the regulations provided for in Section 6, Paragraph two of this Law regarding the procedures for development, implementation, monitoring and public discussion of the National Development Plan;
  - 5) by 1 September 2003, issue the regulations provided for in Section 14, Clause 2, and Section 21, Paragraph three of this Law;
  - 6) by 1 October 2003, in accordance with Section 20, Paragraphs one and three of this Law, establish the Regional Fund and approve the by-laws thereof;
  - 7) by 31 January 2008, issue the regulations provided for in Section 14, Clauses 5 and 6 of this Law; and
  - 8) by 30 December 2009, issue the regulations provided for in Section 14, Clause 7 of this Law.
6. Planning region development councils referred to in Section 5 of this Law shall, within a period of two months after the Cabinet has approved the borders of a planning region, appoint their representative for work in the National Regional Development Council.

7. [10 March 2005]

8. [13 February 2003]

9. Until establishment of the planning regions provided for by this Law, the functions of the planning regions shall be performed by the planning regions established in accordance with the Territorial Development Planning Law.

10. A Planning Region Development Council, which has been established and operating up to 1 August 2006, shall be deemed to be the derived public person decision-taking institution referred to in Section 5, Paragraph one of this Law until the day when the Planning Region Development Council is elected in conformity with the provisions of Section 17, Paragraph one of this Law.  
[19 December 2002; 13 February 2003; 22 June 2006; 8 November 2007]

This Law has been adopted by the *Saeima* on 21 March 2002.

Acting for the President,  
Chairperson of the *Saeima*

J. Straume

Rīga, 9 April 2002

### **Transitional Provisions Regarding Amendments to the Regional Development Law**

#### **Transitional Provision**

(regarding amending law of 13 February 2003)

With the coming into force of this Law, Cabinet Regulation No. 4, Amendments to the Regional Development Law (*Latvijas Vēstnesis*, 2003, No. 4) issued in accordance with Article 81 of the Constitution of the Republic of Latvia is repealed.

#### **Transitional Provision**

(regarding amending law of 10 March 2005)

With the coming into force of this Law, Cabinet Regulation No. 23, Amendments to the Regional Development Law (*Latvijas Vēstnesis*, 2005, No. 7) issued in accordance with Article 81 of the Constitution of the Republic of Latvia is repealed.

### **Transitional Provision**

(regarding amending law of 26 April 2007)

With the coming into force of this Law, Cabinet Regulation No. 36, Amendments to the Regional Development Law (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 2007, No. 3) issued in accordance with Article 81 of the Constitution of the Republic of Latvia is repealed