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LATVIA

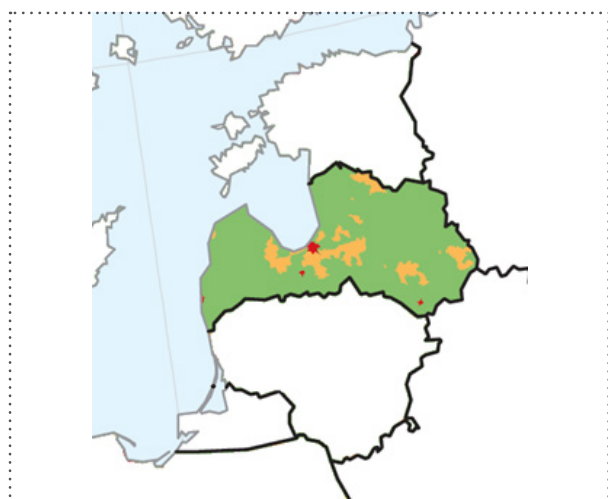
INSIGHT PAPER

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RURALITY (1)

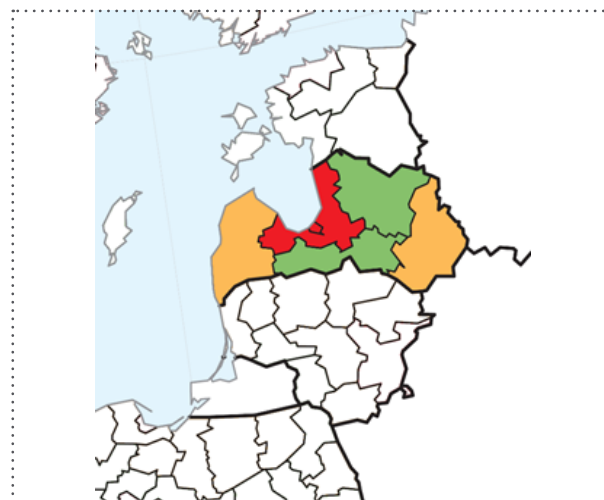
Degree of urbanisation for local administrative units level 2 (LAU2)



- Cities
- Towns and suburbs
- Rural Areas
- Data not available

Source: Eurostat, JRC and European Commission Directorate-General for Regional Policy, 20 January 2014

Urban-rural typology for NUTS level 3 regions



- **Predominantly urban regions**
(rural population is less than 20% of the total population)
- **Intermediate regions**
(rural population is between 20% and 50% of the total population)
- **Predominantly rural regions**
(rural population is 50% or more of the total population)
- **Data not available**

Source: Eurostat, JRC, EFGS, REGIO-GIS, December 2016

DISTRIBUTION OF POPULATION



Source: Eurostat, 2017

GEOGRAPHY

Situated in north-eastern Europe with a coastline along the Baltic Sea, Latvia, referred since more than a century to as one of the Baltic states, has around 2 million inhabitants, of which more than 40% live in Riga, the Capital of the State.

In 2008, Latvia passed through a major economic and political period of crisis, which stemmed from the global financial crisis of 2008–2009. However, since 2010, economic activity has recovered, and Latvia's economic growth rate was the fastest among the EU member states in the first three quarters of 2012.

Latvia has an average population density of 34.3 inhab./km², quite low relative to other European countries.

Rural regions are experiencing a rapid decline in population and low population density makes it difficult to sustain adequate public transport services.

Aggregation at regional level disguises the fact that there can be quite extreme variations within the same region, with the urban areas gaining population while rural areas in the same region experience population decline in excess of 20% (during 2000 to 2011, 84% of all Latvian Municipalities experienced population decline, with 41% experiencing decline of 20% or more).

The distance from Riga is becoming more important than regional differences in the regional development context (Zobena, 2017).

Access to health care is particularly limited in rural areas, mainly because of the lack of adequate transport services and of the shortage of some health care professionals. According to Eurostat (2017), more than 30% of people living in rural areas were at risk of poverty or social exclusion.

RURALITY (2)



Source: Eurostat

NATIONAL POLICIES RELATING TO RURAL MOBILITY AND PUBLIC TRANSPORT

There is no specific policy document in relation to rural mobility.

The Ministry of Transport prepares *"Transport Development Guidelines"* for 5-year periods, which are approved by the Cabinet. This is essentially a Statement of Policy and Strategy for the transport sector by the Ministry. The current Guidelines are for the period 2014-2019. The Guidelines cover the whole transport sector, including Road Transport, Rail, Port, Airport, Transit (in the logistics sense) and Public Transport.

Examining the 2007-2013 Guidelines, the current situation analysis and the SWOT analysis did not make any reference to rural mobility, although there were a few generic items on public transport that could equally apply to rural mobility.

and the municipality centre – 100%" and "The proportion of municipalities where at least two runs a day are ensured, which connect municipalities and the centre of the region or the capital – 100%". A relevant target Output is "The interurban route network has been maintained". It also contains a target Output "The regulatory base in the public transport sector services has been arranged" with target date 2010 (achieved a bit later). The Guidelines provide for annual allocation of funds to support losses in provision of PT services.

Municipalities are responsible for schools and education for those people resident in their area. Among the stated obligations are: *"ensure transport for students to commute to the educational institution and back to their place of residence if it is not possible to use public transport".*



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The Guidelines contain a specific target Outcome relevant to urban mobility *"All inhabitants have been provided with the possibility to get to the municipality centre, to attend educational institutions, to get to workplaces and State and local government institutions during their regular working hours, using public transport"*, and two associated Indicators *"The proportion of rural territories where at least two runs a day are ensured, which connect rural territories*

Latvia has a supportive policy towards new technology and the digital economy. Among other things, this led to the amendment of the Latvian Road Transport Law in March 2018 to allow app-based ride-sharing. While the core market for such services is clearly the urban/sub-urban market, it remains to be seen if it will have any impact on rural mobility.

INSTITUTIONAL FRAMEWORK

Since 2009 there are two layers of Government in Latvia, both of which have elected representatives and administration:

- National Government, based in Riga
- Local Government, which consists of 110 Municipalities and 9 republican cities

Municipalities have further subdivisions into local territorial units for administrative purposes (parishes, towns)

Prior to July 2009, there had been a middle layer of government, being the 26 "*administrative districts*" (rajon).

It consists of three Divisions plus a general secretariat:

- International Road Carriage Co-ordination Division
- Licencing Division
- Public Transport Division

Among other things, the RTA is responsible for network planning, service definition and managing the area-level contracts for PSO services.

The home Ministry of the Municipalities is the Ministry of Environmental Protection and Regional Development. The Municipalities have a reasonable degree of local autonomy and have responsibility for matters including education.



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There are now 5 "*Planning Regions*" covering the country. They represent a middle layer between national government and municipalities. Their Board is made up of the Mayors of the constituent municipalities.

At national government level, almost all matters relating to public transport and rural mobility come under the Ministry of Transport. The Ministry deals with all sectors of national and international transport, sets policy and strategy, prepares acts and regulations, ensures harmonisation with international law and agreements, monitors compliance and safety, raises funds for transport projects and implementation, etc.

The Road Transport Administration is a special purpose company under the MoT to deal with the implementation-level matters of Road Transport.

In this context, Municipalities arrange school transport services in their area, where suitable regular PT is not available.

The Planning Regions prepare medium- and long-term plans for their areas, in cooperation with their constituent municipalities. For example, Vidzeme Planning Region is in the north-east part of Latvia. It comprises 25 municipalities and 1 republican city with total population of around 190,000 (beginning of 2018). The main goal of VPR is "*to ensure regional planning and coordination, as well as cooperation between municipalities and different governmental institutions*".

In 2016, it published the '*Vidzeme Sustainable Development Strategy 2030*'. It had been foreseen that the Planning Regions would have a greater role, but to date the progress in delegating functions from the national Ministries has been relatively slow.

REGULATORY FRAMEWORK

As with other EU Member States, the Regulatory Framework for public transport is set within the framework of EU regulations, directives, norms, etc.

Public passenger transport services are regulated by the 2010 *"Law on Public Transport Services"* and subsequent amendments. The stated purpose of the Law is *"ensure the availability of public transport services to residents"* ^(§2). While the scope is defined as *"shall determine the competence of authorities in the field of public transport services and the conditions for operation and organisation of public transport services, provide for the sources of financing necessary for the provision of public transport services and the financing principles"* ^(§3). The Law recognises the Ministry of Transport, planning regions and municipalities as all having some competence in implementation of the State administration of PT sector ^(§4).

route and network planning and right of challenge in relation to decisions of RTA ^(§5.3). The Law requires that PT services are organised within a route network, and that routes are developed based on demand, rational criteria and assurance of a coherent network. *"A route network shall be created with a view to satisfy the demand of residents for public transport services and to ensure the possibility to attend educational institutions, medical treatment institutions, work places, State and local government authorities within the route network during the standard (generally accepted) working hours thereof;"* and *"In creating a route network outside cities, the possibility for pupils to attend educational institutions shall be ensured at first"* ^(§6).

The principles for developing the route network at the local level prioritise *"the interconnection of adjacent municipalities"* and *"the reachability of a parish or city*



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The Law sets out specific responsibilities of the RTA, including the organisation of services within a structured route network, ensuring and organising State financial resources allocated to the PT sector by Cabinet, establishing a single system for PT tickets, working with local government (municipalities) in planning local PT services and working with planning regions for route network development and proposed amendments ^(§5.1). At local government level, the Law allocates to Cities roles in relation to the management and organisation of the urban transport. For other Municipalities (i.e. all where rural transport is applicable), the Law provides for proposals to be made to the RTA or to their planning region ^(§5.2). The Law provides for the planning region to have responsibility for the management and organisation of regional routes with inter-urban and local significance; and a more substantial role in

administration within a municipality" plus the reachability of nearest city if there is not one in the Municipality ^(§6.6). The Law provides the basis for contracting out PT services ^(§8, §15) and for the provision of financial support ^(§10, §11).

The Law does not contain any provision that either allows for flexible transport such as DRT or on-demand services or that would obviously prohibit them. However, if a service is not classed as public transport it would be assumed to be taxi.

A March 2018 amendment to the Law provides for app-based ride sharing services using vehicles of up to 4 passengers.

ORGANIZATIONAL FRAMEWORK

To date, all regular public transport is fixed-route, fixed-schedule. There is not yet any tradition of using flexible transport services in Latvia, neither as semi-fixed with minor variations or as on-demand services. Likewise, there is not any tradition of shared-taxi services in rural areas in Latvia.

PT services outside of the main cities are provided by private sector operators. There does not remain any state- or only municipality-owned public sector operators (a few former public-sector companies may still have legacy public-sector Board nominees or municipalities can be shareholders in PT corporations, etc. but they are private-sector companies in all other senses).

Following the 2010 Law, the public transport services in Latvia outside of the main cities were reorganised into a number of Area Contracts (the main cities organise their own public transport). Each Area Contract is awarded to an Operator who then has an exclusive contract for the financially-support routes for a given number of years. Previously there had been many small-scale private operators who operated at the level of the individual route. The new system required a restructuring and merging to sufficient scale to be able to take on the Area Contracts.

The next round of contracts is expected to have service start-date in 2021. Among other things, this is expected to rationalise and balance the work among Area Contracts, in light of the experience of the first contract period.

The selected Operator receives a Public Service Obligation (PSO) contract under which it is obliged to provide services defined by the RTA. There are currently multiple Area Contracts covering Latvia. The areas do not particularly align with the new Planning Regions, the old Administrative Districts, etc. but seem to follow a transport network logic.

The Area Contracts cover all of the scheduled public transport routes within the area (allowing for inter-Area routes of other Contracts), which may consist of inter-urban, regional and local routes. It should be noted that other Operators may be granted licenses for "commercial" services (i.e. that don't require financial subsidy). In practice, this would only apply to inter-urban routes; local and rural routes would always be

unprofitable so there is no interest to operate them commercially.

The day-to-day management of the Public Transport services in an area is the responsibility of the contracted Operator. Other than the general oversight of the contracts by RTA, there is not a public-sector agency that coordinates or manages the PT services on the ground. School transport services are not included in the Area Contracts. These are organised by the Municipality through their own resources (most cases hiring drivers and buying or otherwise obtaining a necessary capacity vehicle or vehicles) or through their own procurement process (it could be the same Operator as provides the regular PT under the Area Contract, but it would still be done as a separate contract).

The Route Network and service details are issued by the RTA to the Operator, and these can be modified over time in line with changing demand and requirements. Requests for change can be generated at the level of the citizen, the community, service provider, the Municipality or the Planning Region. Ultimately most requests for change will be channelled through the Planning Region, where they will be considered by the Planning Region Board and a consolidated request will be generated. A positive decision is then made by RTA if changes do not imply additional financial costs. Otherwise these requests are reviewed by the Board of Public Transport which consists of the representatives from each of the five Planning Region Boards, RTA, Ministry of Finance, Ministry of Economy and Ministry of Transportation Taking account of the merits of the requests and available resources, the Board decides on what changes to approve. These are then passed to the RTA for implementation, which is done by instruction to the Area Contractors and some negotiation and any adjustment to payment as may be appropriate. Normally such changes are of a modest scale.

Bus stops are the responsibility of whoever is the owner of the road in which they are site;, in Latvia bus stops are located on either municipal road or on the state road (managed by Latvian Road Administration).

Terminals are a mix of publicly-owned and privately-owned (sometimes by PT providers). From 2021, it is expected that there will be more applicable rules and standards in relation to terminals, but they will remain a mix of public and private owners.

FINANCIAL FRAMEWORK

Financing of the PSO services is from the national budget, channelled through the Road Transport Administration of the Ministry of Transport, and paid for through the area contracts between RTA and the area Operators.

The Municipalities pay for the school transport services as part of their general budgetary provision. The Municipalities pay the contracted Operators directly. The 9 republican cities plan and finance PT on their own. Municipalities have two main sources of funds for their general budget (not counting any Central Government allocation for infrastructure and other special purposes).

The first is funds that they generate themselves from various sources including taxes, rates, etc.

The second is an *"equalisation fund"* covering all Municipalities. In practice, the cities generate surpluses and contribute to the fund, which is then distributed to the other Municipalities. The Treasury of the Republic of Latvia has a management and oversight role in the distribution process but, as it is a transfer of funds among Municipalities, this does not give the Treasury control over the use of funds and thereby over the decisions and activities of the receiving Municipalities.

OTHER INFORMATION

- Public Transport services in Latvia are required to be developed as a network, with a hierarchical principle. Outside of the main cities, public transport services with Public Service Obligation (PSO) are provided under Area Contracts, which are performed by the private sector. A new round of contracts will commence service in 2021.
- The Road Transport Administration (RTA) of the Ministry of Transport is the primary actor in relation to public transport in Latvia. The RTA holds the Area Contracts with the contracted Operators, through which public financial support is provided. There are also defined roles for Planning Regions and Municipalities.
- Currently there are not Demand Responsive Transport services operating in Latvia, although there will be a pilot in the Vidzeme Planning Region within the MAMBA Project
- In March 2018, the Law on Public Transport Services was amended to allow app-based ride-sharing using vehicles of up to 4 passengers. This is intended to encourage technological entrepreneurs to innovate and offer new types of mobility services.

In general, it had been foreseen that the Planning Regions would have a greater role in a number of sectors, but progress in delegation of functions by national Ministries has been relatively slow to date. In the PT sector, the 2010 Law allowed for a more involved role by planning regions, as noted in the Regulatory section above.

In general, the Planning Region can plan, coordinate, find and mobilise sources of finance, (e.g. INTERREG and other EU funding programs) and could also be an initiator of and facilitator of projects, methods, know-how transfer, etc. The role of the Planning Region stops at the actual implementation, which would be the role of either national or municipality entities.

In the domain of rural shared mobility, a Planning Region could (for example) facilitate pilots, knowledge exchange, dissemination of materials and training of municipalities and local communities in setting up rural shared mobility schemes.

The next round of Area Contracts is expected to have service start-dates in 2021. This could provide a timely opportunity to incorporate rural shared mobility services within the contracts as alternative means to achieve desired mobility levels.

A problem for DRT and other such flexible services is that it is not explicitly provided for in the Law. Consequently, if a service is not consistent with the definition of public transport, it would be assumed to be a taxi and then subject to the requirements and limitations associated with taxi. Nevertheless, RTA does appear to have some scope for flexibility in such matters. It could, for example, allow an exemption for a few years and then review to see whether/how best to handle such services within the framework. It may be that the main issue would be for the Ministry/RTA to take an interest in such services and to give it sufficient priority to carry out some pilots.

KEY STAKEHOLDERS AND MINISTRIES ADDRESSING RURAL AREAS

TITLE	ROLE
Ministry of Transport	Primary Ministry with responsibility for all transport sectors, including road passenger transport. Prepares policy (for approval by Cabinet), strategies, manages public funding to the sector. Home Ministry for the Road Transport Administration.
Ministry of Environmental Protection and Regional Development	Home Ministry for Local Government.
Road Transport Administration	Primary entity for planning and management of public transport services. Carries out the main network and route planning and defines the services to be provided (in consultation with the Planning Regions and Local Government). Holds the Area Contracts for PSO services and provides oversight of the contracted operators. Responsible for all license issuing in the sector.
Planning Regions	Develop and approve the sustainable development strategy of planning region and the development programme, as well as co-ordinate and monitor the implementation thereof; Co-ordinate and monitor the developing of sustainable development strategies, development programmes, spatial plans and local plans of local governments.
Municipalities	Second layer of government in Latvia. Wide range of responsibilities at local level, including education. Arranges transport services for schoolchildren where there is not suitable PT already available. The 9 republican cities plan and finance their own PT.

LINKS TO WEBSITES

- Ministry of Transport: www.sam.gov.lv/sm/content/?lng=en&cat=134
- Road Transport Administration: www.atd.lv/en/road-transport-administration
- Vidzeme Planning Region: www.vidzeme.lv/en/about_vidzeme

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