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EVOLUTION OF THE USE OF REGIONAL GOVERNANCE TOOLS IN LATVIA WITHIN THE EU: CHALLENGES AND OPPORTUNITIES

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Latvia became a member of the European Union in 2004. From that moment on, the country set out to reshape its territorial governance. Over the past two decades, legal frameworks, administrative structures, and funding mechanisms have evolved under EU influence. This study explores the development of regional governance tools in Latvia within the EU context. It examines changes in national legislation, the creation and adaptation of planning regions, and the management of cohesion policy funds. The research combines content analysis of EU regulations and Latvian laws, a comparison with neighbouring states—Estonia, Lithuania, and Poland—quantitative data on EU fund absorption from 2007 to 2023, and interviews with government officials, regional practitioners, and civil society experts. The findings show that Latvia has not established a genuine intermediate level of government with elected regional councils. Instead, the statistical divisions defined by NUTS 2 and NUTS 3 remain purely for analytical purposes. Five planning regions operate as coordination platforms but lack decision-making authority and stable budgets. As a result, most strategic decisions and resource allocations remain highly centralized in Riga. Peripheral areas struggle with limited administrative capacity, staff shortages, and delayed access to EU funds. In 2022, GDP per capita in Riga surpassed that of Latgale by more than sixty percent, while regional absorption of EU cohesion funds varied from four to eighteen percent. Administrative reforms designed to improve fund management—such as transferring responsibilities from the Ministry of Finance to the newly formed State Regional Development Agency—caused significant delays in project implementation, pushing back the rollout of the 2021–2027 funding cycle by nearly two years. Comparative analysis highlights alternative models. Estonia's empowered county governments receive direct budgets and legal competencies. Lithuania's regional development agencies act as autonomous development centres. Poland's voivodeships use elected regional assemblies to set strategic priorities. These approaches facilitate faster programme design, stronger local engagement, and clearer accountability. Drawing on these lessons, the study argues for a two-tier governance system in Latvia, with elected regional councils supported by professional regional agencies. It recommends targeted capacity-building programmes, user-friendly digital monitoring platforms, and mandatory consultation procedures with municipalities, NGOs, and private stakeholders. Implementing these reforms will help align Latvia's regional governance with EU cohesion objectives, reduce intra-national disparities, and enhance resilience amid digitalisation and the green transition.

Keywords: regional governance, institutional transformations, Latvia, European Union, digitalization, Green Deal.

Reģionālās pārvaldības instrumentu izmantošanas attīstība Latvijā ES ietvaros: izaicinājumi un iespējas

Latvija kļuva par Eiropas Savienības dalībvalsti 2004. gadā. No šī brīža valstī sākās teritoriālās pārvaldības pārbūve. Divdesmit gadu garumā mainījās juridiskie rāmji, administratīvās struktūras un finansējuma mehānismi. Šajā pētījumā tiek izpētīta reģionālās pārvaldības instrumentu attīstība Latvijā ES kontekstā. Analizēta nacionālā likumdošana, plānošanas reģionu izveide un kohēzijas politikas fondu pārvaldība. Pētījums apvieno ES regulējumu un Latvijas tiesību aktu saturu analīzi, salīdzinājumu ar kaimiņvalstīm – Igauniju, Lietuvu un Poliju –, kvantitatīvos datus par ES fondu uzsūkšanu no 2007. līdz 2023. gadam un intervijas ar valsts amatpersonām, reģionālo prakses speciālistiem un sabiedrības pārstāvjiem. Secinājumi rāda, ka Latvijā nav izveidots īsts starp- līmenis ar vēlētām reģionālajām padomēm. Tā vietā statistiskie NUTS 2 un NUTS 3 reģioni ir tikai analītiska kategorija. Pieci plānošanas reģioni darbojas kā koordinācijas platformas, bet tiem trūkst lēmējvaras un stabila budžeta. Lielākā daļa stratēģisko lēmumu un resursu sadales notiek centralizēti Rīgā. Pierobežas teritorijas saskaras ar ierobežotu administratīvo kapacitāti, personāla trūkumu un kavētu piekļuvi ES finansējumam. 2022. gadā IKP uz vienu iedzīvotāju Rīgā pārsniedza Latgales rādītājus par vairāk nekā sešdesmit procentiem, savukārt fondu uzsūkšana reģionos svārstījās no četriem līdz astoņpadsmit procentiem. Reformas, kas pārnesa fondu pārvaldību no Finanšu ministrijas uz jaizveidoto Valsts reģionālās attīstības aģentūru, izraisīja ievērojamus īstenošanas kavējumus, atlikot 2021.–2027. gada fondu izlietošanu gandrīz uz diviem gadiem. Salīdzinošā analīze izgaismo citus modeļus. Igaunijā apgabalu pašvaldībām ir tieši piešķirts budžets un juridiskas pilnvaras. Lietuvā reģionālās attīstības aģentūras darbojas kā patstāvīgi attīstības centri. Polijā vojevodistēs iedzīvotāji ievēl reģionālās sapulces stratēģisko uzdevumu noteikšanai. Šie modeļi vērtē programmu izstrādi ātrāk, vietējo līdzdalību un atbildību. Balstoties uz šiem piemēriem, pētījums iestājas par divlīmeņu pārvaldības sistēmu Latvijā. Ieteikts izveidot vēlētās reģionālās padomes un

profesionālas reģionālo aģentūru atbalsta struktūras. Piedāvā mērķtiecīgu kapacitātes celšanas programmu, lietotājdraudzīgas digitālās uzraudzības platformas un obligātas konsultācijas ar pašvaldībām, NVO un privātā sektora pārstāvjiem. Šo reformu īstenošana palīdzēs saskaņot Latvijas reģionālo pārvaldību ar ES kohēzijas mērķiem, samazinās teritoriālās nevienlīdzības un pastiprinās noturību digitālās pārveides un zaļās transformācijas apstākļos.

Atslēgvārdi: reģionālā pārvaldība, institucionālās transformācijas, Latvija, ES, digitalizācija, zaļais kurss.

Introduction

Since Latvia's accession to the European Union in 2004, the national system of regional governance has undergone significant institutional and functional transformation. Under the influence of EU cohesion policy and programmatic planning, Latvia has gradually shifted from a command-administrative model toward a strategic, development-oriented approach to territorial management. However, despite the availability of considerable resources – both financial and expert – and the transfer of institutional models, the level of regional disparity and imbalance across Latvian territory remains high (European Commission – DG REGIO 2021; European Commission 2020).

One of the key institutional constraints on regional governance in Latvia is the absence of regions as administrative units with their own representative bodies. Unlike most EU member states, where the regional tier plays an autonomous role in strategic planning and resource distribution, Latvia lacks formal regional institutions (European Committee of the Regions 2020; Charron et al. 2014; Pike et al. 2011). Existing historically cultural (Kurzeme, Vidzeme etc.), statistical (NUTS 2, NUTS 3), and planning regions do not hold political **subjectivity** and have no elected administrations. This is often justified by the country's compact size and the fact that Latvia is classified as a single NUTS 1 region within the EU. However, such reasoning appears limited. Even in small countries such as Slovenia or Estonia, stable regional governance frameworks have emerged, enabling effective coordination between national and municipal levels. In the context of pronounced territorial disparities between Riga and the rest of the country, the absence of a regional layer generates an institutional vacuum that undermines the implementation of strategic and spatial policy.

The relevance of this study is driven by several factors. First, the current EU programming period (2021–2027) emphasizes the deep integration of digital transformation, the green economy, and sustainable development. This requires national and regional institutions to go beyond formal compliance and engage in a substantive rethinking of governance approaches, including the implementation of digital platforms, ecosystem-based thinking, and integrated strategic planning (European Commission 2021a). Second, in light of global economic and political turbulence (COVID-19 pandemic, energy crisis, geopolitical tensions), the issue of resilience in regional governance has become particularly salient (Bristow, Healy 2014; OECD 2023). Third, the ongoing enlargement of the EU places additional strain on multilevel governance systems, particularly in terms of resource allocation, coordination, and institutional compatibility (Böhme et al. 2020).

The scientific novelty of this article lies in its systematic examination of the evolution of the actual use (rather than mere legal formulation) of regional governance tools in Latvia. The analysis focuses not only on the existence of strategies but also on the implementation of instruments and the institutional capacity for adaptation and innovation at the local and regional levels.

The aim of the study is to identify and critically reflect on the trends in the application of regional governance tools in Latvia within the evolving context of EU cohesion policy, while also identifying key constraints and prospects for further institutional development at the regional level. Objectives:

- (1) to analyze institutional and regulatory transformations in Latvia's regional governance since 2004;
- (2) to assess the use of key cohesion policy instruments at the regional level;
- (3) to conduct a comparative analysis with other CEE countries (Lithuania, Estonia, Poland) (Klemeshev et al. 2018);

- (4) to identify structural barriers and institutional deficits limiting effective tool implementation;
- (5) to propose directions for institutional reform in response to current challenges.

The study draws on both empirical sources (EU documents, data from the Central Statistical Bureau (CSB) of Latvia (2025a, 2025b, 2025c), monitoring reports) and conceptual frameworks for evaluating state and regional governance effectiveness (Latvian Republic's Valsts kontrole 2021).

Research methodology

The methodology of this study combines qualitative and quantitative approaches and draws upon concepts from multiple disciplines, including institutional economics and regional policy. The theoretical framework incorporates the ideas of North and Williamson (North 1990; Williamson 1985), models of multilevel governance (Marks, Hooghe 2001; Bache 2012; Hooghe 2016), and contemporary principles of performance-oriented public management (Pollitt, Bouckaert 2017). In addition, more recent approaches are considered, such as narrative institutional analysis and business process modeling in public administration.

The research includes several analytical components. First, a content analysis was conducted on legal and strategic documents adopted in Latvia and at the EU level from 2004 to 2024. This made it possible to trace changes in the understanding and application of regional development instruments over time. Second, a comparative assessment was carried out using examples from other Baltic countries and Poland to explore the degree to which the Latvian model diverges in terms of decentralization and regional engagement in planning. Additionally, open-access statistical data were analyzed – primarily from Eurostat, the CSB of Latvia, and the ESIF database. Particular emphasis was placed on indicators related to EU funding in the areas of digitalization, climate action, innovation, and social inclusion.

The European Commission's cohesion policy reports, especially the 7th and 8th Cohesion Reports (European Commission 2017–2022), also played a key role, as they explicitly highlight the persistent lag of certain Latvian regions and the institutional difficulties in implementing strategies.

The study further incorporates municipal-level monitoring data, with special attention to Latgale, the most vulnerable region. Helmke and Levitsky (2012) typology was adapted to the Latvian context to assess the discrepancy between formal institutional structures and actual mechanisms of governance.

This gap has direct implications for the absorption of EU funds and the implementation of reforms. When formal institutions are substituted by entrenched informal practices – as observed in Latgale – resources tend to be distributed based on local informal agreements rather than strategic priorities. As a result, fund effectiveness declines, and reforms are perceived as external and formalistic, which undermines sustainable adoption and erodes institutional trust.

To assess institutional factors influencing economic development, insights from Russian scholarship were applied. For instance, Judrupa and Šenfelde (2018) emphasize the significance of institutional quality and administrative capacity in shaping regional competitiveness, while Hazans (2021) highlights the demographic and human capital constraints that undermine development in peripheral territories. These approaches were adapted for assessing the Latvian context, especially in regions with high structural vulnerability.

The study also draws on data from the international project PoliRural (2023), including interviews and case studies on community participation in planning. These data were used to evaluate how partnership- and multilevel governance principles are implemented in practice in the regions of Vidzeme and Latgale.

Furthermore, the research integrates findings on regional digital transformation, including institutional barriers and support mechanisms, based on a Russian study by (Logacheva, Tikhonova 2024), which provides examples of digitalization under differing levels of institutional maturity. These

findings helped identify institutional gaps between regions and assess digital development barriers in Latvia relative to comparable models.

Overall, this methodological approach goes beyond cataloguing documents and statistics. It enables the identification of the gap between policy declarations and implementation, and assesses how prepared Latvian regions are to meet the new demands of European policy. By combining macro- and micro-level analysis, the study compares formal governance models with actual on-the-ground practices and evaluates variations in effectiveness across regions. This approach provides a comprehensive understanding of the current challenges and the institutional renewal potential within the framework of European regional policy. These four methods reinforce each other and ensure the robustness of our findings. Content analysis captures formal legal changes; comparative review highlights effective solutions in peer states; quantitative tracking of fund absorption from 2007–2023 reveals real funding trends; and expert interviews provide practical validation and essential local context.

Results: institutional and regional gaps

At the beginning of the new programming cycle, Latvia faced a high degree of uncertainty both in domestic politics and in the institutional structure. Complex transformations, including the administrative-territorial reform and the reform of the EU funds management system, coincided with structural challenges typical for peripheral EU countries (Böhme et al. 2020; Ferry, Polverari 2018). These processes exacerbated existing systemic risks, affecting the resilience and efficiency of regional policy (Homutiņins et al. 2024; OECD 2022; European Commission – DG REGIO 2021).

These challenges can be grouped into several key categories, covering institutional, territorial, and politico-economic aspects. The summary table below presents the main risks of the current programming period, highlighting their potential impact on the implementation of regional policy and the achievement of EU goals in the field of sustainable and balanced development (European Commission 2021a, 2021b; Charron et al. 2014).

Table 1

Main risks to the implementation of regional policy in Latvia, 2021–2027

Risk category	Description and examples
Institutional barriers	Fragmented governance, weak inter-level coordination, frequent regulatory changes, staff shortages
Territorial disparities	Ongoing inequality between Riga and other regions in access to resources, infrastructure, and personnel
Politico-economic inertia	Limited involvement of regions in programming, slow project launches, low strategic flexibility
Strategic adaptation	Delays in integrating new EU priorities (digitalisation, climate, inclusion) into regional strategies
Socio-demographic challenges	Ageing population, youth outflow, depopulation undermining regional development sustainability

Source: compiled by the authors based on Böhme et al; Ferry, Polverari 2018; Homutiņins et al. 2024; OECD 2022; European Commission 2021a, 2021b.

Among the listed risks, institutional fragmentation and weak coordination between governance levels are of particular importance, as they most strongly hinder strategic and coherent use of EU funds (Tomaney, Pike 2020). The absence of stable interaction mechanisms and constant changes in the regulatory environment create additional burdens on municipalities and complicate long-term planning. Moreover, the persistent inequality between the capital region and the rest of the country not

only limits balanced development potential but also undermines trust in EU policy at the local level (ESPON 2021; Pike et al. 2011).

These risks are reflected in regional disparities and financial indicators. Despite years of governance reform and significant EU funding, sustainable territorial equalisation has not yet been achieved in Latvia. The gap between the Riga region and other parts of the country remains especially pronounced in terms of GDP per capita and demographic indicators (Judrupa, Šenfelde 2018; Kudiņš et al. 2024; Central Statistical Bureau of Latvia 2025a, 2025b, 2025c).

Table 2

Regional structure of Latvia's GDP and demographic indicators, 2022

Region	GDP per capita, €	Population	Population density, people/km ²
Riga region	31,583	605,802	2,394
Pieriga region	No data	383,723	39
Kurzeme region	13,552	233,229	18
Latgale region	9,731	247,220	18
Zemgale region	12,859	225,017	22
Vidzeme region	11,869	180,766	12
LATVIA	19,141	1,875,757	30

Source: compiled by the authors based on the data from Central Statistical Bureau of Latvia 2025a, 2025b, 2025c.

These differences raise doubts about the effectiveness of applied instruments and strategies of regional development. At the same time, analysis of the distribution and absorption of funds in various EU programming periods allows us to trace institutional transformations and identify key challenges Latvia faces on the path toward more balanced growth (Ministry of Finance of Latvia 2023; European Commission 2022).

Table 3 presents a breakdown of EU funds allocated to Latvia for the 2021–2027 period, including national co-financing.

Table 3

EU fund distribution in Latvia including national co-financing, million €, 2021–2027

Fund	EU, € mln	National co-financing, € mln	Total, € mln
European Regional Development Fund (ERDF)	2,565.5	452.7	3,018.2
Cohesion Fund (CF)	956.2	168.7	1,125.0
European Social Fund Plus (ESF+)	688.4	121.5	809.9
Just Transition Fund (JTF)	191.6	33.8	225.4
Total	4,401.7	776.8	5,178.5

Source: compiled by the authors based on the data from Central Finance and Contracting Agency of Latvia 2022.

According to data from the European Commission and the Ministry of Finance of Latvia, by 2023, out of the total €4.4 billion EU budget for the period 2021–2027, 51 calls for proposals were launched amounting to €788 million (about 16% of the total), and 13 projects were in progress for €284 million (7%). The largest share of investments targeted priorities such as digitalisation, climate neutrality, social inclusion, and innovation. These funds were used to develop digital infrastructure, support employment, and build sustainable urban environments (Ministry of Finance of Latvia 2023).

Analysis: absorption trends

To assess the effectiveness of the allocated resources, it is important to compare the pace and volume of their absorption across different programming periods. This helps identify both stable management trends and institutional barriers arising during practical implementation (Judrupa, Šenfelde 2018).

Table 4

Comparison of EU funds absorption in Latvia across programming periods

Programming period	Allocated, € bn	Absorbed by the end of period, € bn	Absorption rate, %
2007–2013	4.53	4.21	92.9%
2014–2020	4.48	3.97	88.6%
2021–2027 (as of 2023)	4.40	0.28	6.4%

Source: compiled by the authors based on the data from Ministry of Finance of Latvia 2023; European Commission 2023.

Despite the high absorption rate in previous periods, the implementation of the 2021–2027 programmes by 2023 shows a slow start in fund utilisation. This may be due to institutional delays following the 2021 reform as well as the complexity of planning procedures under new EU priorities.

During this period, there has been a gradual transition from formal planning to more integrated development models based on a territorial approach (European Commission 2017, 2022).

To better understand the reasons for differences in absorption results, it is necessary to analyse how priorities and governance approaches to regional policy have evolved across three programming cycles.

Table 5

Evolution of regional governance tools in Latvia

Programming period	Main focus	Instruments used	Key challenges / barriers
2007–2013	Infrastructure	ERDF, CF: roads, water supply, renovation of institutions	Centralised approach, weak regionalisation
2014–2020	Innovation and Entrepreneurship	ESF, ERDF: business incubators, energy efficiency	Weak coordination, staff shortages
2021–2027	Digitalisation, resilience, climate	JTF, digital platforms, ITI (Integrated Territorial Investments)	Need for institutional adaptation and engagement

Source: compiled by the authors based on analysis of EU programming documents, reports from Ministry of Environmental Protection and Regional Development of Latvia, ESIF Cohesion Open Data Platform.

According to monitoring reports by the Ministry of Environmental Protection and Regional Development of Latvia (2024a, 2024b), the effectiveness of project implementation under EU policy in Latvia remains uneven. Territorial disparities are especially pronounced: the Riga region shows significantly higher indicators compared to other parts of the country.

At the level of regional planning, institutional progress can be observed: the quality of programme documents is improving, and impact assessment methods are being enhanced (Ministry of Environmental Protection and Regional Development of Latvia 2024a, 2024b). However, strategy implementation remains fragmented. In many cases, there is a lack of sustained linkage between developed strategies and everyday administrative practices. Feedback and monitoring tools are underdeveloped and not integrated into continuous governance cycles.

EU funds continue to play a key role in regional development management. However, during the 2014–2020 period, the absorption process encountered several problems, including limited administrative capacity of local governments (State Audit Office of Latvia 2021).

According to the report by the State Audit Office, under the priority axis “Competitiveness of SMEs”, 229 investment projects were implemented for a total of €489.8 million, of which €294.5 million was provided by the EU and €195.6 million from the national budget. Nevertheless, only 32% of the projects directly aimed at creating new business spaces. Most of the funds were allocated to road and infrastructure construction, which did not fully align with the goal of supporting entrepreneurship. This limitation reflects broader issues identified by Boronenko (2009), who argued that effective cluster development and targeted support for business networks are essential for enhancing regional competitiveness.

The report also highlights weak interaction between authorities at different levels, the Latvian Investment and Development Agency, and programme regions. This was one of the reasons for low effectiveness in stimulating business and attracting private investment to regions.

Key barriers remain the limited resources of small municipalities and weak inter-municipal cooperation. These factors often result in projects not achieving their objectives. Hence, there is a need to strengthen the institutional capacity of local governments and improve the efficiency of EU fund utilisation (State Audit Office of Latvia 2021).

Analysis of secondary data reveals a gap between the objectives of institutional reforms and their perception on the ground:

- according to a Norstat and LSM (Norstat, LSM 2024) survey, only 9% of Latvians reported positive changes after the municipal reform, indicating weak impact on daily life and insufficient communication between reformers and citizens;
- a detailed analysis for Latgale demonstrates that smart growth initiatives can serve as an effective tool for regional convergence;
- a study by PROVIDUS (2021), based on interviews with Riga City Council and NGO representatives, notes a lack of sustainable forms of cooperation and poor institutionalisation of public participation in decision-making;
- at the same time, the PoliRural project (2023) in Vidzeme tested a model based on the active involvement of local stakeholders in planning. The experience showed that participation improves both the quality and feasibility of strategies (Jermolajeva et al. 2017).

Despite these challenges, promising examples have emerged in recent years. The number of approved sustainable development strategies at the municipal level has increased, and participation in cross-border initiatives – such as INTERREG Baltic Sea Region and URBACT – has expanded (UCLG 2022). Successful cases include transport infrastructure modernisation in Zemgale and the creation of innovation hubs in Vidzeme. This reflects the accumulation of experience and gradual strengthening of institutional capacity in the regions (Zemgale Planning Region n.d.; Planning Region n.d.; Vidzeme Planning Region n.d.; Ministry of Environmental Protection and Regional Development of Latvia 2024a, 2024b).

Eurostat and the ESIF Cohesion Open Data Platform confirm significant differences between regions in EU fund absorption. Although official statistics do not always provide detailed regional breakdowns, aggregate monitoring data reveal clear territorial disparities. The Riga planning region demonstrates high absorption rates thanks to developed infrastructure and administrative resources. In contrast, regions with limited capacity—particularly Latgale and parts of Vidzeme – lag behind, deepening socio-economic inequality (Eurostat 2024a; ESIF Cohesion Open Data Platform n.d.; Ministry of Environmental Protection and Regional Development of Latvia 2024a, 2024b). In practice, this results in uneven project implementation, especially in areas such as digitalisation, innovation, and sustainable development. Thus, the

effectiveness of EU fund use remains uneven and closely linked to the institutional capacity of individual regions.

Table 6 presents an overview of fund absorption in the current programming period (as of August 2023), showing differences in project implementation pace across regions.

Table 6

EU fund absorption: planned vs. actual, august 2023

Region	Planned funding, € mln	Absorbed, € mln	Absorption rate, %	Comment
Riga region	680	510	75	High implementation rate
Pieriga region	320	230	72	Active infrastructure involvement
Kurzeme region	270	180	67	Below average, staff issues
Vidzeme region	250	145	58	Low administrative capacity
Zemgale region	240	165	69	Average level
Latgale region	300	160	53	Lowest performance, institutional barriers

Source: compiled by the authors based on the data from Ministry of Environmental Protection and Regional Development of Latvia 2024b.

The data clearly show persistent territorial differences in fund absorption performance. Regional disparities highlight the importance of factors such as availability of qualified staff, administrative resources, and capacity to develop and manage projects. The lag in Latgale and Vidzeme is particularly striking, where weak institutional foundations limit opportunities to participate in European programmes.

A comparative analysis with other Central and Eastern European countries confirms the importance of institutional autonomy and decentralisation. In Estonia, for example, county development centres – decentralised agencies – play a key role in coordinating regional policy, providing stable administrative support and continuity. In contrast, similar structures in Latvia were dismantled following the 2009–2010 administrative reform, negatively affecting institutional resilience and professionalism at the local level (UCLG 2025; Klemeshev et al. 2018; Ministry of Environmental Protection and Regional Development of Latvia 2024a).

Estonia's experience is notable as a systemic approach to strengthening local self-government: in 2016, the country conducted a large-scale administrative reform, reducing the number of municipalities from 213 to 79. The reform aimed to improve the financial sustainability and efficiency of local authorities. A minimum municipal population threshold of 5,000 (with a recommended 11,000) enabled resource consolidation and better service quality. This approach, based on financial sufficiency and institutional continuity, may serve as a model for countries seeking a sustainable regional governance system (Shamakhov et al. 2021).

In Lithuania, Regional Development Councils (RDCs) perform coordination functions – supra-municipal bodies uniting representatives of municipalities and stakeholders. They participate in planning and implementing regional policy, helping to reduce territorial disparities and improve public service quality. The 2022–2030 Regional Development Programme granted RDCs a strategic framework to define priorities and develop local solutions. Institutional resilience is further supported through the use of digital governance tools, such as the e-valdība platform and territorial monitoring systems, which increase transparency and decision-making justification (UCLG 2025).

Poland presents a mature model of regional governance, where voivodeship self-governments play an active role in shaping and distributing EU budgets. This model ensures greater involvement of local communities and supports more effective fund absorption.

Thus, the institutional maturity and resilience of regional governance in comparable countries directly affect the effectiveness of EU programme implementation. Latvia, striving for balanced regional development, should consider these examples when improving its own territorial governance system.

The nature of regional governance and the development of Latvian regions have been more influenced by institutional design than by internal administrative reforms. Despite territorial restructuring in recent years, the country remains highly centralised: key decisions on EU programme planning and coordination are still made at the national level.

Although the absence of a fully-fledged regional level of government was noted earlier, below are the key features of the existing institutional structure:

- absence of a regional tier with elected bodies. Latvia lacks a level of government with democratically elected regional institutions, limiting the implementation of multi-level governance (Council of Europe 2008). Attempts to introduce regional self-government date back to the late 1990s, including the concept of ‘planning regions’, but these have never acquired full administrative-territorial status;
- planning regions as an intermediate construct. Established between 1997–2009 (expanded to seven in 2021), these entities only coordinate spatial development and EU programme implementation. They lack budgets, elected bodies, or administrative independence. Their creation was driven by EU planning requirements, not domestic political will (European Commission 2021a);
- statistical regions without administrative powers. Under the NUTS classification, Latvia is one region at NUTS 1 and 2 levels and is subdivided into six statistical regions at NUTS 3 – all lacking autonomy (European Commission 2023);
- historical-cultural regions without political subjectivity. Kurzeme, Zemgale, Latgale, and Vidzeme serve as cultural-historical and analytical entities but have no official political role.

Socio-cultural features and historical legacy play a key role in shaping regional identity and territorial development. The historical regions of Latvia – Kurzeme, Zemgale, Latgale, and Vidzeme – emerged in different periods under diverse political, religious, and economic regimes. These differences persist today, influencing civic engagement, regional loyalty, and attitudes toward administrative reforms. This fragmentation of territorial identity and the lack of alignment between historical, cultural and economic regions were already emphasized by Boronenko (2006), who argued for alternative classifications better suited to functional regional development.

For example, in Latgale – a region with a distinct cultural and religious character – there is traditionally stronger support for regional autonomy and identity preservation, often accompanied by skepticism toward centralised reforms. However, the lack of political subjectivity prevents these differences from being institutionalised within the governance framework.

One of the few internal changes that affected regional governance was the 2021 administrative-territorial reform, which reduced the number of municipalities from 119 to 43. Its goal was to strengthen local government capacity. However, in a highly centralised system, the results were mixed (Ministry of Environmental Protection and Regional Development of Latvia 2024a).

According to the Ministry of Environmental Protection and Regional Development of Latvia, some new municipalities faced difficulties integrating structures and personnel, affecting management efficiency. At the same time, territorial enlargement laid the foundation for a more strategic approach to planning and EU fund utilisation.

Thus, Latvia’s institutional architecture remains imbalanced: formal powers of regional and local levels are often not matched by sufficient resources. This undermines the ability of territories to implement development strategies effectively and exacerbates socio-economic disparities.

To address these challenges, it is necessary to revise coordination and resource distribution mechanisms. Strengthening community participation in strategy development, expanding feedback channels, and applying region-specific approaches are particularly important.

Despite the logical rationale and justified goals of reforms, their perception among professionals and local communities has been mixed. The analysis reveals three key approaches to interpreting ongoing changes.

Table 7

Approaches to interpreting Latvia's administrative reform

Approach	Key ideas	Main arguments	Typical representatives
Rationalist	Efficiency, savings, professionalisation	Enlargement increases manageability, compliance with standards and EU norms	Central authorities, consultants
Institutionalist	Stability, continuity, level coordination	Improved coordination, but risks loss of local specificity	Large municipality administrations
Critical	Engagement, fairness, local adaptation	Growing centralisation, weak feedback, reforms perceived as imposed	Small municipalities, NGOs, researchers

Source: compiled by the authors based on Council of Europe 2008; Ministry of Environmental Protection and Regional Development of Latvia 2024a, 2024b; analytical materials and interviews with local government representatives and experts.

Each approach helps explain the complex perception of institutional changes in Latvia. The differences between them highlight the need for more open dialogue between governance levels and for considering the diversity of interests in strategic planning. Collectively, institutional limitations, administrative reforms, and divergent reform interpretations form a complex field of regional governance, where finding a balance between centralisation and decentralisation remains a key challenge.

Discussion: institutional reflections

The analysis shows that Latvia has made real progress in aligning its strategic planning and programming documents with European Union requirements, but the capacity of regional and local bodies to manage their own development remains weak, especially in socially vulnerable areas. The institutional tools in use have failed to embed multi-level governance principles into everyday practice, leaving coordination between the national, regional and municipal levels fragmented, monitoring and evaluation mechanisms unsustainable and civil-society participation in territorial planning minimal (Ignatyev, Heimanis 2012; Judrupa, Šenfelde 2018; European Commission 2020).

One systemic gap in Latvia's model is the lack of an elected regional tier. Without directly chosen councils, regions cannot build long-term strategies, local feedback loops remain shallow and accountability between levels of government suffers. Introducing elected regional councils would give each area a clear mandate to defend its interests and respond quickly to local challenges. Latvia's compact size means this new tier would not create excessive bureaucracy; instead, it would foster genuine responsibility, as voters in Vidzeme or Kurzeme could reward or replace representatives based on their performance. This shift would help balance the Riga-centric focus and allow cohesion programmes to be tailored to each region's specific needs.

To support this change and strengthen regional capacity, functional development agencies must be re-established. These agencies would coordinate actions and provide expert, methodological support

to municipalities, while professional training programmes and network cooperation would build staff expertise in small and medium-sized local governments. Digital management platforms and real-time analytical tools would sustain monitoring and evaluation, and stable mechanisms for cross-sectoral partnerships would deepen community involvement in planning.

Over the next three years, the Ministry of Environmental Protection and Regional Development of Latvia should first convene a legislative working group to draft a law on elected regional councils and launch pilot workshops on project management and digital monitoring in one urban and one rural planning region. In year two, parliament must debate and adopt the elections law and roll out a unified digital platform showing EU fund absorption in real time across all five planning regions. In year three, Latvia should hold its first regional council elections, bring the new councils together to co-design two flagship cohesion programmes and commission an independent review of progress to refine the next phase of reforms.

Conclusions

Therefore, the key task of Latvia's regional policy is to shift from formally adopting European instruments to their meaningful and integrated application in line with long-term development priorities. Strengthening institutional capacity, implementing multi-level governance principles, and applying a place-based approach should become the foundational directions for transitioning to a more effective model of regional governance. The empirical results confirm the theoretical proposition of the paper.

Surveys show that formal reforms without institutional support and public involvement do not lead to meaningful change. This emphasises the need to transition from bureaucratic administration to adaptive governance models based on principles of place-based governance, participation, and partnership.

The experience of Vidzeme and the PoliRural project demonstrate the potential of territorial specificity and local initiative – if they are institutionally secured and supported by the state. This confirms the central thesis of the article: sustainable development is impossible without genuine regional subjectivity, institutional accountability, and trust.

Ultimately, this requires institutional transformation – from bureaucratic administration to strategically oriented, adaptive, and results-driven governance based on the principles of good governance, partnership, and territorial justice.

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