

CITY OF REZEKNE



STRATEGY FOR
LOCAL ECONOMIC DEVELOPMENT
2004-2010

Rezekne
September, 2004

Disclaimer

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I. INTRODUCTION

Located in the southeast part of Latvia, the city of Rezekne is centrally situated in the rural Latgale region in close proximity to the region's ports and main cities. Rezekne lies within the main Warsaw-St. Petersburg-Riga-Moscow motorway corridor.

During the 1980s and 1990s, the majority of Rezekne's factories operated in traditional industries and these experienced increasing competition from international competitors as a result of changes in the world economy. Throughout the 1990s, a number of Rezekne's major companies were forced to close resulting in soaring unemployment and growing social problems. During this time, Rezekne faced a number of serious challenges:

- The collapse of traditional industries and markets, particularly those industries that produced for the large Soviet Union market
- Social integration of a multinational community
- Redevelopment of a poor technical infrastructure
- The strengthening of local government institutions responsible for the local community

During this period, city representatives sought to establish international contacts to share experience with other cities that had faced similar problems. In 1999, Rezekne joined a network of central European cities established as part of the Cities of Change program initiated by the World Bank and the Bertelsmann Foundation. Rezekne, together with a number of other cities, participated in the Economic Development Cluster. A primary aim of the cluster was to develop a local economic development strategy to strengthen LED institutional capacity within the city administration.

The program methodology was based on a five stage approach to LED strategic planning that included:

- Organizing the Effort
- Conducting the Local Economy Assessment
- Developing the LED Strategy
- Strategy Implementation
- Strategy Review: Developing a monitoring and evaluation system

Towards the end of 2000, Rezekne City Council adopted appropriate institutional structures to develop a local economic development strategy. A cross-departmental working group was established to support the strategy output process, and comprised of municipal members and local experts. In addition, the Latgale Entrepreneurship Supporting Center became a partner.

Work on Rezekne's local economy assessment commenced in February 2001. In July 2001, a draft LED strategy was confirmed and conveyed for public discussion and comment to the residents of Rezekne, state bodies and to municipal institutions. In December 2001, Rezekne City Council approved the final document of the local economic development strategy.

The LED strategy document covers the period 2004-2010. The city of Rezekne aims to implement a new approach to LED strategic planning and to initiate new collaborative activities between the municipality, entrepreneurs and residents. The municipality will become a leader in developing partnerships and programs for social integration, and will

represent citizen interests, initiate economic growth and improve the city's technical and social infrastructure.

As part of its broad approach to LED activity, the city of Rezekne prepared a number of strategy implementation applications for several different projects. Two LED project applications were approved as part of the European Unions' PHARE program, and the Rezekne Business Center and Education Business Linkages programs received nearly two million Euros. These projects consist of hard and soft infrastructure components and establish a background for further development of LED services in the city. It was recognized that the number and cost implications LED projects were too high to prepare and implement in the short time period, and it was accepted that integrated multi-year financial and investment planning would be necessary.

On the basis of the report written for the local economy assessment, the system of annual reporting was implemented. The city council approved the creation of a new Department for Economic Strategic Planning. The tasks of the new department include the:

- Coordination of other departments when dealing with LED strategy implementation
- Collection of all applications concerning strategy implementation projects
- Balancing of financial and implementation requirements
- Administering the database concerning the city itself and the strategy related projects
- Cooperation with entrepreneurs, other organizations and citizens while implementing the strategy

The city of Rezekne's Economic Development Department was transferred into an independent economic development agency: the Rezekne Business Center. The Center has already started providing services to the business community and is preparing new applications for new development projects.

The updated City Development Strategy was approved by the city council in the 2003. The current strategy implementation plan identifies projects that should be implemented in four years period.

LED Institutional Setup

By the end of 2000, the Rezekne city council had agreed to embark on the process of LED strategic planning. In developing a strategy in partnership with the local community, three LED teams were established. At the beginning of 2001, Rezekne's mayor established an internal cross-departmental LED **Working Group** with representatives from various municipal departments including:

- Urban Planning Department
- Economic Department
- City Marketing Unit
- Finance Department
- Social Services Department
- City Utilities

An LED **Steering Committee** was also established to discuss, oversee and approve the draft LED strategy document. The Steering Committee consisted of politicians and technical professionals including:

- Mayor of Rezekne
- Two members of Rezekne City Council
- Director of the Economic Department
- Leader of the Economic Department at Rezekne University
- Leader of the cross-departmental working group
- A representative of Rezekne Special Economic Zone

A **Stakeholders Group** was identified and invited to participate in the strategy development process. The Stakeholders Group consisted of:

- City council leaders
- City council members
- County administration representatives
- Representatives of utility companies
- Rezekne university representatives
- Key private sector companies
- Non-governmental organizations
- Local media representatives

The Latgale Entrepreneurship Supporting Center, a local non-governmental organization, was contracted by the city to conduct the local economy assessment and develop a draft strategy proposal. A Cities of Change project coordinator was later nominated as a leader of the working group teams.

Work on the LED strategy commenced in February 2001, and by July 2001, a first draft of the LED strategy was confirmed and conveyed for public discussion to Rezekne's inhabitants, business community, the Latgale Regional Development Agency, the state revenue office, the environment protection office, municipal institutions, water supply enterprise, city council departments and the Rezekne Institution for Higher Education.

During this period, the interdepartmental team worked permanently with experts from the enterprise center to provide professional support for the LED strategy making process. Several meetings involving stakeholders were held to discuss the key elements of LED strategy including:

- Findings from statistical analysis and surveys
- SWOT Analysis (strengths, weaknesses, opportunities and threats) results
- The city's LED vision
- LED strategic objectives, goals and programs
- Draft strategy document

When the local economy assessment was completed, the stakeholders debated the vision of the city. At the end of the debate, all participants accepted the final version of the city vision.

When the Latgale Entrepreneurship Supporting Center specialists presented the results of the SWOT analysis, stakeholders discussed and accepted four key areas identified by members of

the interdepartmental team. The stakeholders agreed four strategic goals and two detailed objectives for each of them. This was followed by the preparation of proposals of LED programs and projects dealing with each objective.

In December 2001, the city council approved the final draft document of the city of Rezekne LED strategy proposed by Steering Committee.

Structure of Municipal Government

Rezekne's municipal government has a number of statutory responsibilities that include spatial planning and land, public assets management, issuing of building permits, personal and business registration, primary education, health and social care, culture and recreation services, economic development, maintenance of local roads, housing, solid waste collection, heating supply, water delivery and waste water collection.

The city council consists of eleven elected members. The city mayor and chairman of the city council is elected by the elected councilors. The mayor is also the leader of city hall. One part-time vice-chairman and one non-employed vice chairman on national minorities and integration have been elected by the city council for this period. The chief of the city administration is the executive director, appointed by the mayor. Eight departments are responsible for delivering the main activities of the city's administration. The two municipal agencies of the Rezekne Business Center and the Sport's Center are operated separately and independently (refer to the city of Rezekne municipal structure) .

Municipal Budget

In analyzing the city's annual budgets for 2003 and 2004, it is important to note a number of key points:

- In 2003, two European Union PHARE Program projects totaling 1.8 millions Latvian lats contributed to the municipal budget
- The total revenue of Rezekne City Council in 2004 is estimated as being 8.4 millions lats
- 2004 own source revenues total 4.6 millions lats, a rise of 475,000 lats (11.7%) from 2003
- Municipal shares in citizens personal incomes tax (PIT) has been planned at 4.2 million lats, 488,700 lats (13%) more than last year
- Non-revenue income is estimated at 520,000 lats
- 2004 subsidies from national government is estimated at 2,628,298 lats, a rise of 214,883 lats from 2003
- A transfer from the Equalization Fund of Local Authorities has not been planned and Rezekne is not nominated as a donor for this fund in 2004

Municipal Budget of Rezekne 2003-2004

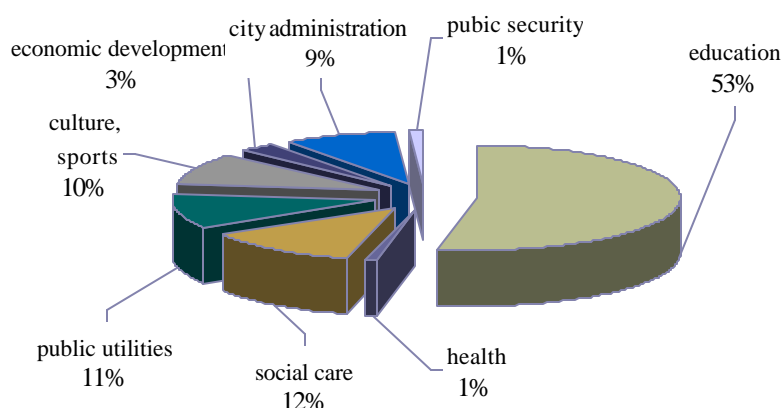
(1 Lat = €1.512; USD\$1.79)

Budgetary Revenues	2003	2004
Total Revenues	9,350,601	8,366,177
<i>Own Revenues</i>	4,728,482	5,351,358
Tax Revenues	4,076,465	4,551,445
Revenues from Selling Property	41,882	275,313
Other Own Revenues	610,135	524,600
<i>Subsidies</i>	4,622,119	3,014,819
Subsidies for Capital Improvement	1,372,252	38,800
Subsidies for Operation	3,249,867	2,976,019

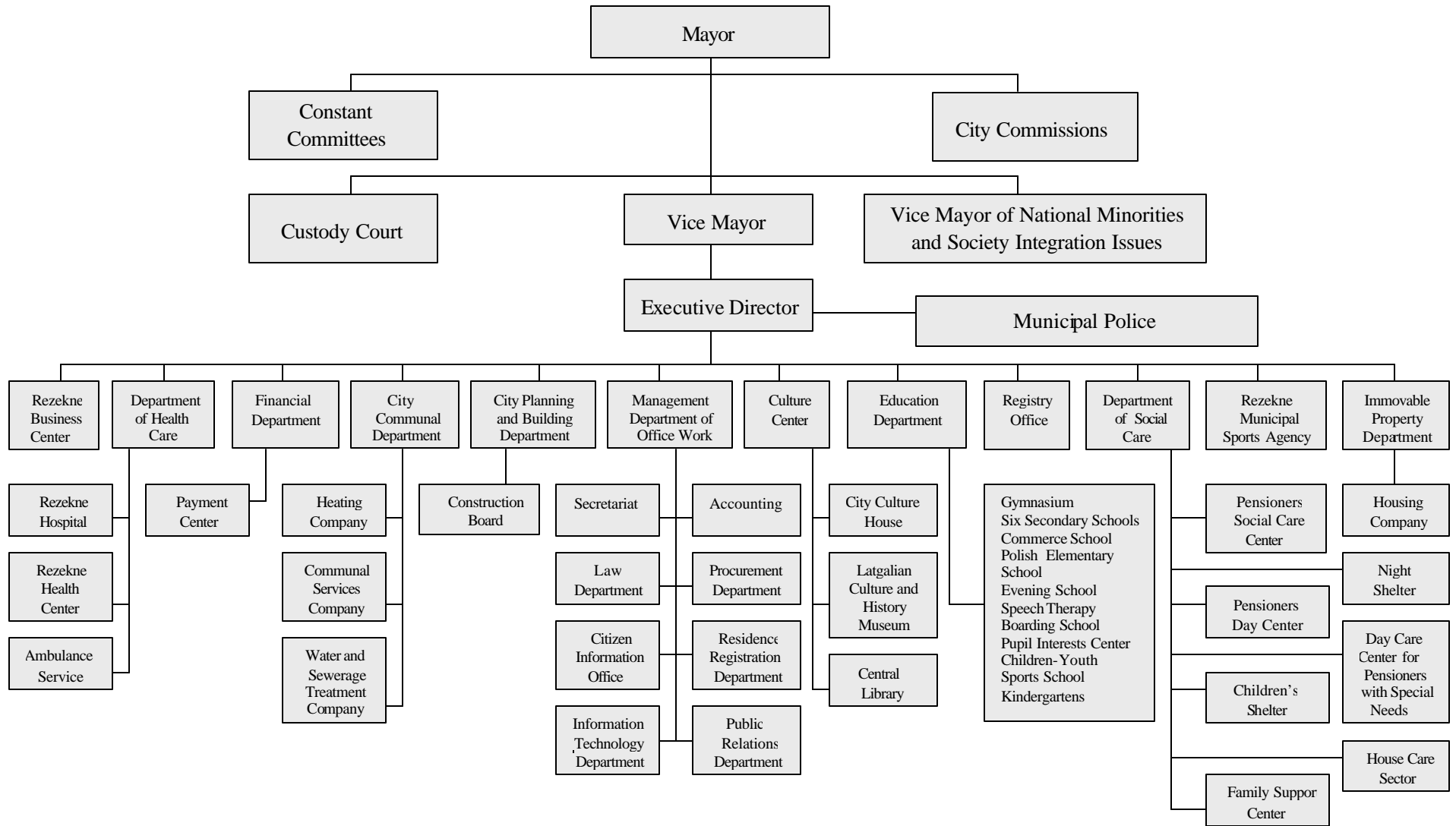
Budgetary Expenditure	2003	2004
Total Expenditure	9,279,252	8,950,501
<i>Operating Expenditure</i>	6,756,094	7,502,723
Personal Expenditure	4,164,811	4,706,697
Goods & Services	2,521,872	2,711,177
Other operating expenditures	69,411	84,849
<i>Other Current Expenditure</i>	408,509	561,089
Capital Expenditure	2,114,649	886,689

Structure of Expenditure by Activities	2003		Plan for FY 2004	
Functions (Activities)	LVL		LVL	
Administration	758,566	8.2%	959,406	10.7%
Education	4,172,850	44.9%	4,620,066	51.6%
Health Care	61,739	0.7%	62,247	0.7%
Social Services	922,102	9.9%	1,070,201	12.0%
Communal Services	899,596	9.7%	1,105,705	12.3%
Culture and Recreation	622,957	6.7%	901,990	10.1%
Economic Activity and Services	1,837,276	19.8%	126,136	1.4%
Others	4,166	0.1%	104,750	1.2%
Total	9,279,252	100%	8,950,501	100%

Budget of Rezekne City 2004 (8 millions 950,500 LVL)



City of Rezekne Municipal Structure



II. LOCAL ECONOMY ASSESSMENT

Rezekne's local economy assessment was undertaken using statistical data, analysis of population and economic trends, results of surveys carried out among local businesses and residents, and wider level research. The following organizations were contacted and were instrumental in providing relevant information:

- Statistical Office
- Labor Office
- Chamber of Commerce
- County Administration
- City Organization Unit

Economic Background

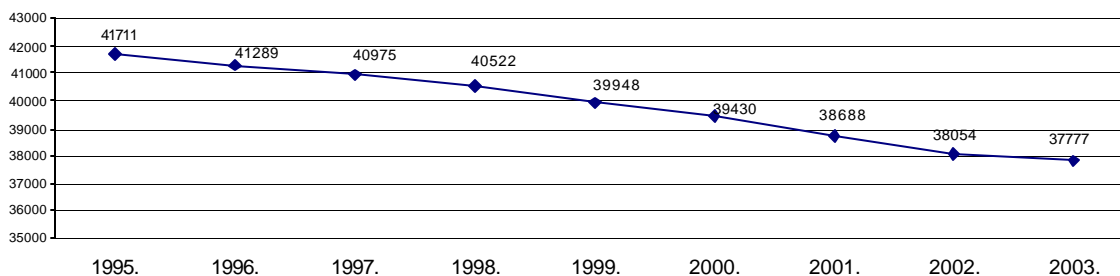
Rezekne is a central city in the rural region of Latgale and located in the southeast of Latvia. It is situated in the vicinity of ports and the main cities of the region. It lies on the Warsaw-St. Petersburg and Riga-Moscow motorway network. By the end of the Second World War, only 5,000 inhabitants remained in Rezekne. During the post-war period, Rezekne became an industrial town, and construction and redevelopment lasted until 1950 with the development of an industrial area adjacent to the Riga-Moscow railroad. Following the establishment of an industrial area, a number of large industrial enterprises were formed including a milk-processing plant, a milking machinery plant and an electrical appliances plant.

A number of large factories produced goods for export to Eastern Bloc countries, Cuba, China and Vietnam. During this time, Rezekne experienced an influx of migrants from other regions of the Soviet Union. The collapse of the socialist economy and the disintegration of the Soviet Union had a significant impact on the ability of Rezekne's factories to compete. The 1990s were a time of gradual decline of Rezekne's main companies, resulting in soaring unemployment and growing social problems. Analysis of the economic base and structure of the economy show that existing traditional industries offer limited potential for growth. The local economy is characterized by low-earnings, low-skills and a low asset base economy with associated high levels of unemployment.

Demography

Demographic change is the one of the most serious challenges facing the city of Rezekne. During the last ten years, Rezekne has lost ten percent of its population.

Rezekne Population (1995-2003)

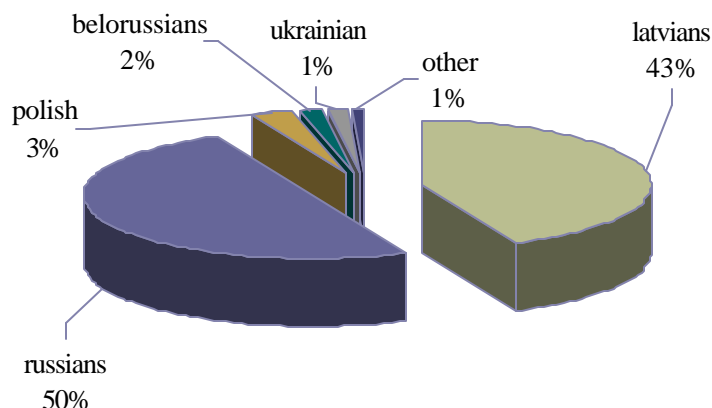


Population Changes and Influencing Factors

	1996	1997	1998	1999	2000	2001	2002
Changes of Number of Population, total	-314	-453	-574	-518	-742	-634	-277
Natural Change in Population	-287	-320	-291	-247	-198	-276	-278
Migration Balance	-27	-133	-283	-271	-544	-358	1

In 2001, Rezekne experienced a reduction in population of 7.2 persons per 1000 inhabitants compared to Latvia as a whole with a rate of 5.7 per 1000 inhabitants. In analyzing the current demographic situation, the LED working group concluded that this situation was caused by a number of factors:

- A young population leaving Rezekne to study in Riga or other Latvian cities and not returning after completing their studies
- Inhabitants of Rezekne leaving the city in search of employment in Riga and other countries

Breakdown of Rezekne Population By Nationality**Labor Force and Unemployment**

- 13,800 people were employed at the end of 2001
- 47% were employed in the public sector
- 53% were employed in the private sector
- 70% were employed in the trade and services sector (wholesale and retail, hotels, restaurants, transport, communications, financial institutions, real estate services, etc.)
- 28.2% were employed in the public sector state offices, defense, social security, education, health care, social care
- 24.3% were employed in industry
- 6.2% were employed in building/construction
- 0.7% were employed in agriculture

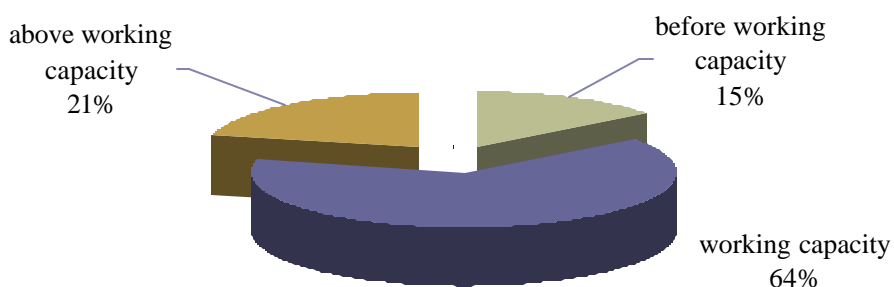
In recent years, the majority of jobs in Rezekne were related to traditional industries. Today however, most people work in the public sector, in commerce or in the service sector. The number of workplaces in old factories is decreasing and there are fewer investments in such facilities. Most of these jobs are low paid and companies are not investment-oriented.

According to data provided by the state employment agency, the unemployment rate in Rezekne is slowly falling and was 10.74% of economically active persons at the end of 2003. Rezekne's officially listed rate of unemployment remains higher than in other Latvian regions.

Listed Unemployed Persons in Rezekne (2000-2003)

	2000	2001	2002	2003
Number of economically active persons	24,974	24,822	24,285	-
Number of unemployed persons	3,381	2,922	2,774	2,609
Percentages	13.54	11.70	11.18	10.74

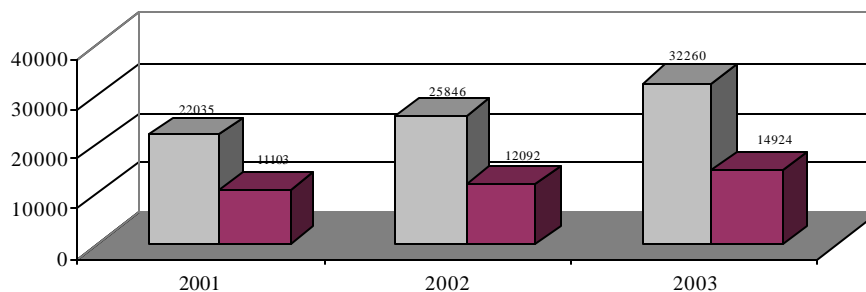
Workforce Breakdown of City of Rezekne Inhabitants (37,700 in 2003)



Local Economy Profile

There has been a stabilization of the economic situation of Rezekne economy in last couple of years after the economic crises of the 1990s.

- Between 1999 and 2000, Rezekne's GDP figures showed a growth rate of 11% to 1,273 lats per person
- Rezekne's share of national GDP is 1.1%
- Rezekne's gross annual industrial production increased by 7% in 2003
- The low level of local purchasing capacity forces industrial companies to be export orientated; about 50% of all goods produced in Rezekne are exported
- The number of employed people in manufacturing in December 2003 was 3,104
- Wholesale and retail turnover in 2001 increased by 10%

Gross Industrial Production and Export (thousand lats)**Increase in Construction Works in Rezekne (2000-2003)**

Year	Construction in Latvian Lats (thousands)
2000	1,110
2001	1,501
2002	3,382
2003	3,959

600 enterprises were active in Rezekne in 2003 with growth mainly occurring in the service and trade sectors. The introduction of new supermarkets has strengthened the local economy. 498 individuals were registered as being self-employed in 2003, and growth in transport and communications has increased by 50%. Though official data is not available for the numbers of tourists, operational data from Rezekne's enterprises suggests that the number of foreign visitors to Rezekne increased by 65% between 2002 and 2003. Between 2001 and 2002, average employee earnings in Rezekne increased by 17%.

Economically Active Enterprises and Employee Breakdown (2002-2003)

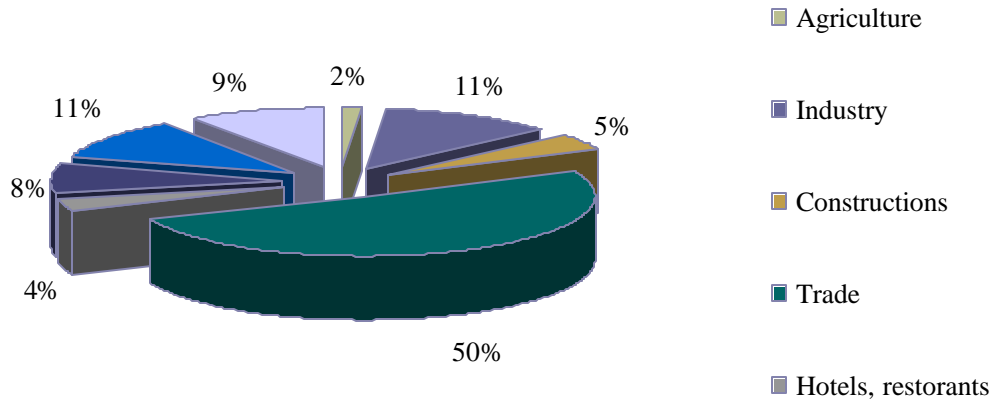
Year	Number of Enterprises	Number of Employees			
		0-9	10-49	50-249	>250
2002	600	465	105	28	2
2003	602	569		30	3

Breakdown of Economically Active Enterprises by Business Activity (2002-2003)

Type of Economically Active Enterprises	Number of Enterprises	
	2002	2003*
Agriculture, hunting, forestry and fisheries	83	83
Construction	27	28
Wholesale and retail, cars, motorbikes, consumer services	302	286
Hotels and restaurants	21	21
Transport and communication	47	52
Operations with immovable, rent and other commerce	66	84
Other commercial activities	54	48
Total	600	602

* Provisional Data

Breakdown of Economically Active Enterprises in Rezekne City (600)



Developable Land

Rezekne lacks housing development areas as well as Greenfield sites suitable for new industries. For many years, the city’s administrative borders have remained unchanged with the result that there is no land suitable for new large scale investments within the city boundaries. Moreover, polluted and abandoned Brownfield sites create other difficulties. Developing the areas and premises belonging to the disused factories poses another difficulty. A key issue is the lack of a database of municipal land and real estate properties; a special department was created recently.

The Rezekne Special Economic Zone (RSEZ) comprises approximately 1,900 hectares of industrially zoned land, of which 400 hectares are occupied with existing industry and 1,500 hectares are undeveloped and available for development.

Rezekne Special Economic Zone

RSEZ provides favorable tax treatment including incentives (of between 80 to 100 percent) in property and corporate income tax, exemption from VAT, and customs and excise tax for goods imported into the zone and then exported onwards to other countries.

A 2003 review of companies located in the RSEZ identified that the most economically active enterprises by turnover, investments and number of employed persons were:

- RSEZ Ltd “Verems”
- RSEZ Ltd “Magistr Fiskevegn Group (MFG2)”
- RSEZ joint-stock company “Rezeknes dzirnavnieks”
- RSEZ Ltd “A&C Electronic Baltic”
- RSEZ Ltd “Larta-1”
- RSEZ joint-stock company “Rebir”

In 2003, RSEZ status was awarded to RSEZ Ltd “DFD”. The goal of RSEZ Ltd “DFD” is to create a brewery and a modern tasting hall where the brewing process can be observed. In comparison with previous years, the dynamics of RZES’s 2003 indicators are positive and

show that the aggregate amount of turnover, investment and number of work places have increased. The biggest employers in 2003 in the Rezekne Special Economic Zone were:

Major Employers (2003)

Company	Number of Employees
RSEZ joint-stock company "Rebir"	1,748
RSEZ Ltd "Verems"	730
RSEZ Ltd "Magistr Fiskevegn Group (MFG)"	93

Hard Infrastructure

Water Supply

Rezekne's water supply system serves 29,000 inhabitants and utilizes 19 artesian bores to supply drinking water. Rezekne's total water consumption is 2,260,000 cubic meters (m³) with the greatest consumers being residents, public institutions and SMEs. The majority of Rezekne's big industrial enterprises mostly have their own water supply systems. 2,824,000 m³ of sewage is purified annually.

The "Rezekne Water Supply System Development" project commenced last year and the overall goal of the project is to improve drinking water quality for customers and increase the overall number of customers. Within the project, 6.8 kilometers of new water pipes and 6.8 kilometers of sewage pipes will be constructed and 3-3,500 new customers will be connected to the central water supply and sewage system.

Heat Supply

Energy is generated and distributed by a municipal stock company called "Siltums". Two sections, the central and northern part of the city, comprise the city's district heating. The company generates about 200,000 megawatts of thermal energy every year and has approximately 17,000 customers.

In 2004, the Rezekne gasification project was signed between Rezekne City Council and the stock company "Latvijas gaze" to provide the Rezekne heating system with natural gas. "Latvijas gaze" will invest about 5 million lats in construction works through until mid-2005 and Rezekne City Council will provide technical works. This project has been developed in accordance with EU regulations of sulphur quantity in heavy fuel oil. The project has to be completed before the heating season of 2005.

Gas and Electricity Supply

At the present time, it is not possible to use natural gas in Rezekne as there is no gas main. For household needs, people use liquefied gas from gas reserves in the city and individual gas cylinders. Two electricity substations provide the city's electricity supply. The maximum load in the city is about 17 megawatts. It is considered possible to secure a 50% increase in power without big investments.

Telecommunications

From April 1999, all telephone subscribers in Rezekne have been connected to the Lattelekom digital network, a network that offers fast-moving transmission, ISDN, digital wired lines, Frame Relay, X.25 and 2 Lan. Internet services are offered by "latent Serviss" and "Apollo" (Lattelekom) with regular connection, dial-up and open Internet access. Rezekne benefits from having access to a GSM system for mobile communication services.

Transport

Rezekne is located on the crossing of important state trunk roads including the A-12 Jekabpils-Ludza Russia border (Terehova) and the A-13 Rezekne-Daugavpils-Lithuania border. The city is an important railway transportation hub in the eastern part of the Latvian railway network, and is well situated on the crossing point of the east-west Riga-Moscow and the north-south St. Petersburg-Vilnius-Warsaw-Berlin rail corridors. Latvian exports to and from the Russian market are primarily transported via Rezekne, and the city has two functioning railway stations. The Railway station Rezekne II has a wide railway network serving industrial enterprises and a storage complex. During the period 2004-2006, and in preparing Latvia’s transport system for the challenges of the forthcoming EU enlargement, a project to develop a new rail freight reception yard in Rezekne will receive support of €7.7 million.

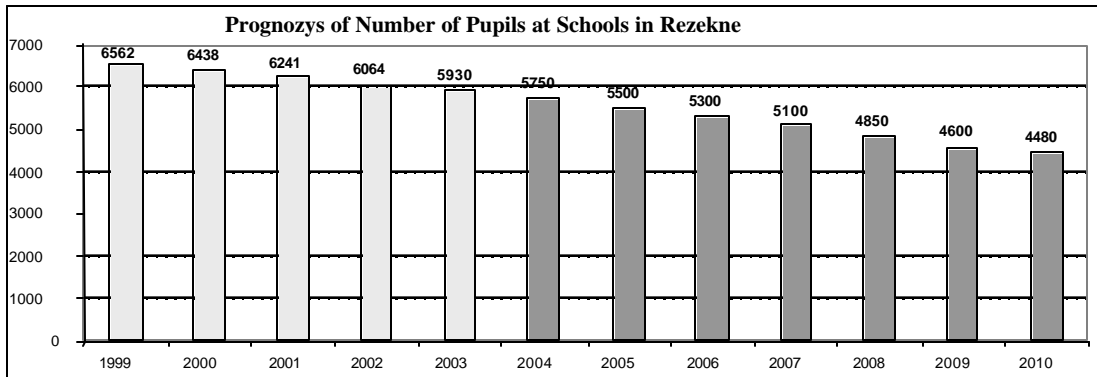
Social Infrastructure

Social Care

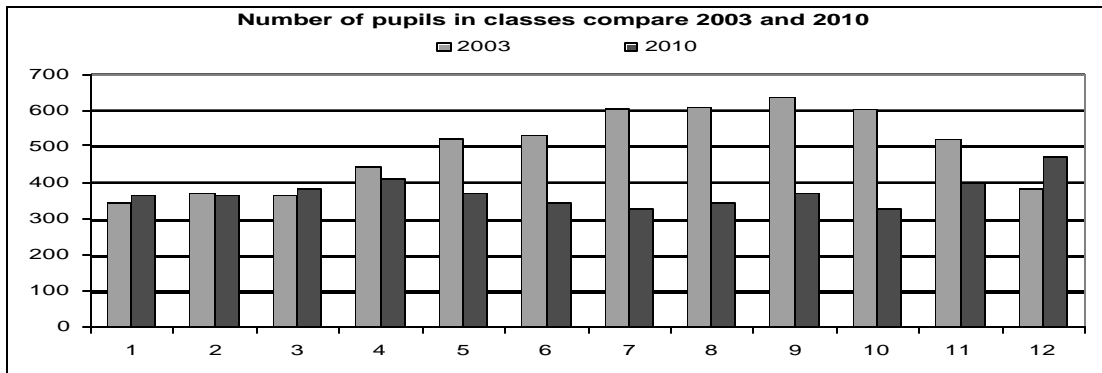
The Social Care Department of Rezekne City Council provides a range of social services including material aid, social care and social rehabilitation.

Education

The city has a well developed educational network. There are compulsory educational establishments of all levels and other educational and training institutions including secondary schools, a state gymnasium, a primary school, special school for children with speech problems, art school, music school, vocational gymnasium, vocational secondary school and a higher educational institute. Demographical challenges also face city schools.



Decreasing number of pupils force city to reform education system



List of Rezekne educational institutions:

- 9 kindergartens
- 11 secondary schools
- 2 professional schools
- Jana Ivanova Rezekne music school
- Latvijas Art Academy (Latgale Campus)
- Art School
- The Rezekne Institution for Higher Education Faculties of Humanities, Pedagogic, Economy and Engineering
- Rezekne Border Guard College

Rezekne Higher Education Institution (RHEI) was established in 1993 in response to the economic and social needs of the Latgale region. There are four faculties with almost 4,000 students in the faculties of economics, pedagogy, humanities and law, and engineering. The number of students attending the institution in the last ten years has increased tenfold.

The faculty of economics is the oldest and largest faculty, with more than 500 full-time students and approximately 1,300 part-time students currently in bachelor, master and higher professional study programs. The faculty of pedagogy was founded in 1995 as a result of the reorganizing of the Rezekne Teacher Training College, and presently there are more than 1,028 students in bachelor and higher professional study programs at the faculty. The faculty of humanities and law sciences has been a part of RHEI since it was established in 1993.

Culture

The Cultural Center Department of the of the city council administers Rezekne's culture house, public library, Latgale heritage museum and the city recreation park. There are 34 amateur performance groups with 526 participants.

Health Care

There are primary and secondary health care facilities in the city provided by five health care establishments. With 158 doctors and 371 nurses working in the city, the national master plan has identified Rezekne's hospital as becoming a multi-profile medicine center of emergency treatment during the period 2005-2007.

Tourism

The Rezekne Higher Education Institution trains students in hotel management. It has undertaken research on the possibilities of developing different kinds of tourism in Rezekne and the surrounding area. There remains a lack of well developed hotels in Rezekne. In 2003, a private company bought the main hotel and another private company prepared a project for the reconstruction of an old hotel. In the summer time, the student hostel offers an additional 200 bed places. The city of Rezekne is a member of the Latvian Association of Big Cities and has started to develop a common tourism strategy for tourist attraction with the aim of increasing the number of one and two days visitors. As part of the project, a project partner identified a tourism route of special Latgale places as well as culinary heritage route.

Community Surveys

In order to assist the development of the LED strategy, two surveys have been undertaken. One of them investigated business attitudes and the other was a citizens survey.

Results of Citizens Survey

The aim of the survey was to obtain the views and opinions of the residents of Rezekne. Key questions raised in the survey included:

- Whether Rezekne is an economically developed city
- The main obstacles to local economic development in the city
- The types of LED activities necessary to improve Rezekne's economy
- The types of support that Rezekne City Council could offer employers

172 responses were received of which 119 were women and 53 were men. Most of the respondents were aged between 19 and 30. The table below highlights the responses to the question of 'how to promote LED in the city of Rezekne':

Response: How to Promote LED in Rezekne	Percentage (%)
The promotion of business undertakings	13
Attract external investment	11
Improve social and economic conditions	10
Improve Rezekne's technical infrastructure	8
Promote industry development	8
Explore the possibilities of training and reskilling	6
An improved and more effective tax system	5
Disseminate/promote opportunities to participate in international projects	5

Other ideas and suggestions included:

- Popularize the idea of the Rezekne special economic zone
- Improve the work of the city's municipal administration
- Create social contacts with other cities and countries
- Develop the entertainment industry
- Tourism promotion
- Tidy the city
- Create the attractive image of the city

Results of the Business Attitude Survey

Fifty five managers and owners of enterprises took part in the Business Attitude Survey. The survey consisted of a number of questions to obtain information about the business, including the business' activity, legal status, number of employees, turnover and membership of professional organizations.

The businesses that contributed to the survey employed 4,362 persons in total. The largest business questioned had 1,150 employees while the smallest business questioned had two employees. 27% of the businesses questioned had a turnover of less than 100,000 lats, while 22% of the businesses questioned had a turnover of between 200,000 and 500,000 lats; the turnover of two businesses surveyed was more than 2 million lats per year.

The list below highlights the responses of businesses when faced with the question of the positive aspects of 'doing' business in the city of Rezekne:

- Transit roads crossing
- Geographical location, close to the Russian boarder
- Recourses for production (free premises, inexpensive labor force, free lands)
- Regional, cultural and administrative center
- Rezekne Special Economic zone
- Inexpensive labor force
- Big town (in Latvia scale)
- Protection (human recourses, industries etc.)
- Rezekne University
- Ways of industry, contacts with Russian market
- Low level of competition
- Not ambitious clients

III. DEVELOPING THE LED STRATEGY

Stakeholders were invited to assess the city's competitive position, strengths, weaknesses, opportunities, threats, and define key issues that should be taken into account in the LED strategy development process.

SWOT Analysis

	INTERNAL	EXTERNAL
Positive	<p>Strengths</p> <ul style="list-style-type: none"> ▪ Rezekne is situated on major road crossing ▪ The status of Rezekne Special Economic zone ▪ Existence of regional and state institutions in Rezekne ▪ Rezekne University ▪ Rezekne has the status of State inferiority ▪ Export oriented companies ▪ High density ▪ Well developed social infrastructure ▪ Compact city 	<p>Opportunities</p> <ul style="list-style-type: none"> ▪ Modern, customer orientated city administration ▪ Present and future availability of EU Funds ▪ Administrative and territorial reform of Latvia ▪ Development of economic activities, based on knowledge ▪ Efficient utilization of opportunities of Rezekne Special Economic zone
Negative	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Lack of effective lobby in the National Parliament and institutions of regional development coordination ▪ Poor social economic conditions ▪ Rezekne is located in the poorest region of the country ▪ Lack of long-term development documents of the city ▪ Low level of business activities ▪ Low skilled work force ▪ Low citizen incomes ▪ Survival's city budget ▪ High unemployment rate ▪ Outward migration rate ▪ Lack of space for new developments ▪ Low value of investments ▪ Low added value created locally ▪ Poor technical infrastructure ▪ Collapse of traditional city economic activities ▪ Local companies related to traditional industries not prepared for market competition ▪ Low level of business activity 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Drain of highly educated people to other regions ▪ Break-up of the city's public utilities and communal services ▪ Lack of realization of state and regional policy ▪ Unresolved relations between Latvia and Russia ▪ Loosening of the status of State inferiority ▪ Competition from better located regions

After the SWOT Analysis was undertaken, several problems were listed:

- Negative natural birth and migration rates
- Reduction of work places and a decrease of production
- Poor but expensive housing and ineffective utilities
- Lack of long term development policy
- Lack of management framework transferring strategic objectives into daily activities

Four key issues were identified:

- Demographic trend
- Competitiveness of the local economy
- Quality of life
- City administration capability

An **LED Vision** was defined:

“Rezekne will be the administrative, economic, educational and cultural center in the Latgale region. It will be a European city with a developed infrastructure where on the base of mutual activities of city-dwellers, employers and City municipality the high level of welfare, equal educational possibilities, work opportunities and housing rights are provided for every city-dweller. Rezekne will be a city where the inhabitants are proud of their city and live in peace with different religious beliefs, languages and traditions.”

Four strategic goals were formulated to improve the efficiency of public administration in implementing the long term LED strategy and improving the service to its business and residential citizens:

- To increase the transparency and customer orientation of city administration
- To broaden and diversify the economic base in Rezekne
- To improve living conditions in Rezekne
- To archive integrated local community

For each goal two objectives and a number of programs were established. These include increasing the effectiveness and efficiency of the city administration, promoting effective municipal services, delivering a high quality local infrastructure, and ensuring the social and economic development of the city. In delivering these goals, there is a recognized need to organize and integrate improved municipal administrative systems by implementing information management, long term financial and investment planning systems by the end of 2004.

In promoting cooperation between the city of Rezekne administration and the business community for improved economic cooperation and development, an objective of the city is to organize an employers forum, initiate regular onsite visits to Rezekne companies and undertake regular surveys and interviews of local businesses.

To increase and improve support services for individuals wishing to start a business, existing companies, and new investors, a range of activities have been proposed including:

- Promoting new-start businesses
- Initiating business consulting and training service new start businesses
- Increasing the procurement opportunities for local businesses
- Establish a business park and other business support frameworks

In promoting and encouraging investment in Rezekne, there is a need to:

- Fully realize the potential opportunities of the Rezekne Special Economic Zone
- Initiate a city marketing plan
- Promote economic cooperation and collaboration internationally and with other cities
- Establish a municipal real estate management and maintenance plan
- Create and maintain a portfolio of investment projects

The future of the city depends on building and maintaining a high quality of life and skilled workforce, and ensuring that social integration is effective. A key role of the strategy will be to ensure the quality provision of education, health and social services. In the longer term, the city of Rezekne will promote education, develop a social health strategy, attract appropriately qualified development specialists (doctors, teachers, engineers), develop the city's cultural heritage and expand and diversify opportunities for entertainment.

Given the city of Rezekne's high level of unemployment and the low income levels, a social care program will aim to improve the management of social care services, reduce poverty and social divisions, and initiate a psychology service. In seeking to build community institutions and improved capacity for community integration and harmony, the city of Rezekne will establish a detailed plan of how to develop the process of social integration in the city, by working with municipal and non-governmental organizations activities.

IV. CITY OF REZEKNE LED ‘VISION TO PROJECTS’ MATRIX

VISION	GOALS	OBJECTIVES	PROGRAMS	PROJECTS
<p>Rezekne will be the administrative, economic, educational and cultural center in the Latgale region. It will be a European city with developed infrastructure where on the base of mutual activities of city-dwellers, employers and City municipality the high level of welfare, equal educational possibilities, work opportunities and housing rights are provided for every city-dweller. Rezekne will be a city where the inhabitants are proud of their city and live in peace with different religious beliefs, languages and traditions.</p>	<p>G1: To increase the transparency and customer orientation of city administration</p>	<p>G1:O1: To increase efficiency of city administration by implementing information and long term financial and investment planning systems by end of 2004 G1:O2: To improve public administration clients satisfaction rate through implementation one stop shop system by end of 2002</p>	<p>G1:O1:PG1: Improvement of public administration management system program G1:O2:PG1: Improvement of administrative services program</p>	<p>G1:O1:PG1: p1: Implementation of information management system (MIS) project</p>
				<p>G1:O1:PG1: p2: CIP and financial planning system implementation project</p>
				<p>G1:O2:PG1: p1: ‘One-Stop Shop’ project</p>
				<p>G2:O1:PG1: p1: Rezekne employers round table project</p>
	<p>G2: To broaden and diversify the economic base in Rezekne</p>	<p>G2:O1: To promote cooperation between city administration and business community</p>	<p>G2:O1:PG1: Public-business cooperation program</p>	<p>G2:O1:PG1: p2: Business surveys project</p>
				<p>G2:O1:PG1: p3: Local business promotion project</p>
		<p>G2:O2: To increase support for beginners, existing companies and new investors using complex assistance instruments and resave permanent annual increase of work place</p>	<p>G2:O2:PG1: Assistance for starting up companies program G2:O2:PG2: Encouraging local business growth program G2:O2:PG3: New investment promotion program</p>	<p>G2:O1:PG1: p1: Rezekne employers round table project</p>
				<p>G2:O2:PG1: p1: Advisory assistance for beginners project</p>
				<p>G2:O2:PG2: p1: SME enterprise center project</p>
				<p>G2:O2:PG3: p1: Industrial park project</p>
				<p>G2:O2:PG3: p2: Investment promotion system project</p>
				<p>G2:O2:PG3: p3: Logistic center project</p>
				<p>G2:O2:PG3: p4: Development of city marketing plan project</p>
				<p>G2:O2:PG3: p5: Promotion of Economic cooperation with others cities and countries</p>
<p>G2:O2:PG3: p6: Municipal property management and maintaining project</p>				

STRATEGY FOR LOCAL ECONOMIC DEVELOPMENT OF CITY OF REZEKNE (2004 - 2014)

	G3: To improve living conditions in Rezekne	G3:O1: To develop technical infrastructure for providing communal and social services for citizens to achieve national standards by 2008	G3:O1:PG1: Water supply and sewerage system program	G3:O1:PG: p1: Development of city water supply and sewerage system	
			G3:O1:PG2: Central heating system program	G3:O1:PG2: p1: Development of city central heating system	
		G3:O2: To extend qualitative housing and commercial facilities by 5% per year	G3:O2:PG1: Housing program	G3:O2:PG2: p1: Low income housing project	
				G3:O2:PG2: p2: Identification of new housing development areas project	
				G3:O2:PG2: p3: Development of city housing policy project	
	G3:O2:PG2: p4: Promotion of housing management services market project				
	G4: To achieve integrated local community	G4:O1: To equalize personal development opportunities to all members of local community	G4:O1:PG1: City streets and roads development program	G4:O1:PG2: Public space program	G4:O1:PG1: p1: Revitalization of public spaces project
					G4:O1: PG2: p1: Improvement of children recreation ground
			G4:O1:PG3: Human resources development	G4:O1: PG2: p2: Implementation of schools project for public space by organizing special grant from municipal budget	
				G4:O1:PG3: p1: Creation of Live learning center	
G4:O1:PG4: Social assistance program		G4:O1:PG4: p1: Creation of a family support centre			
	G4:O1:PG4: p2: Organizing of summer camps for children from social risks families (yearly)				
G4:O2: To promote linkages and cooperation between different national groups of community	G4:O2:PG1: Society integration program	G.4.O2: PG1: p1: Establishing of national minorities culture centre			
		G.4.O2: PG1: p2: Yearly festival of national minorities in Rezekne			

V. CITY OF REZEKNE PROJECTS MATRIX

Strategy Goals	To increase the transparency and customer orientation of city administration	To broaden and diversify the economic base in Rezekne	To improve living conditions in Rezekne	To achieve integrated local community
LED Projects				
Implementation of information management system (MIS) project	X			
CIP and financial planning system implementation project	X		X	X
'One-Stop Shop' project	X	X		
Rezekne employers round table project		X		
Business surveys project	X	X		X
Local business promotion project		X	X	
Advisory assistance for beginners project		X		X
SME enterprise center project		X		X
Industrial park project		X	X	
Creation of Pedestrian Street in downtown			X	X
Investment promotion system project		X	X	
Logistic center project		X	X	
Development of city marketing plan project		X		X
Promotion of Economic cooperation with others cities and countries		X	X	X
Municipal property management and maintaining project			X	X
Development of city water supply and sewerage system			X	
Development of city central heating system			X	
Low income housing project			X	X
Identification of new housing development areas project			X	X
Development of city housing policy project			X	X
Promotion of housing management services market project			X	X
Revitalization of public spaces project		X	X	X

VI. CITY OF REZEKNE LED PROJECT IMPLEMENTATION PLAN

City of Rezekne LED Projects										
No.	Project Title	Total Value	Funding Sources (%)				Implementing Partners	Project Starting Date	Duration	Targeted Group / Beneficiaries
			Donors	City Govt.	Private Sector	Community				
1.	Implementation of Information Management System (MIS) Project	10,000	70%	20%	10%	0%	Donor, Local Government, Private Sector	July 2004	12 months	City Government and Private Sector
2.	CIP and Financial Planning System Implementation Project	1,000	50%	50%	0%	0%	The World Bank	September 2003	18 months	City Government and Private Sector, NGOs
3.	'One-Stop Shop' Project	6,000	0%	100%	0%	0%		November 2002	24 months	City Government and Private Sector, NGOs, citizens
4.	Rezekne Employers Roundtable Project	1,200	0%	70%	30%	0%	City Government, Private Sector	January 2004	12 months	City Government and Private Sector, Business Community, Citizens
5.	Business Surveys Project	800	0%	100%	0%	0%	Rezekne Institutions for Higher Education, Local Government	September 2004	4 months	City Government and Private Sector
6.	Local Business Promotion Project	100,000	75%	15%	10%	0%	Donor, Local Government, Private Sector	November 2004	18 months	City Government and Private Sector, NGOs
7.	Creation of Pedestrian Street in the City Center	1,120,000	75%	10%	15%	0%	Donor, Local Government, Private Sector	June 2004	24 months	City Government and Private Sector, NGOs, citizens
8.	Advisory Assistance for Beginners Project	800	0%	100%	0%	0%	Local Government	October 2004	6 months	City Government and Star-ups

STRATEGY FOR LOCAL ECONOMIC DEVELOPMENT OF CITY OF REZEKNE (2004 - 2014)

9.	Industrial Park Project	1,000,000	50%	10%	40%	0%	Donor, Local Government, Private Sector	February 2005	24 months	City Government and Private Sector, Foreign investors
10.	Investment Promotion System Project	10,000	50%	25%	25%	0%	Donor, Local Government, Private Sector	March 2005	12 months	City Government and Private Sector, Foreign investors
11.	Logistic Center Project	6,700,000	75%	0%	25%	0%	Donor, National Government, Private Sector	June 2004	24 months	National Government, Local Government, Private Sector, Foreign Investors
12.	Development of City Marketing Plan Project	10,000	75%	25%	0%	0%	Donor, Local Government	August 2004	8 months	City Government and Private Sector, Foreign investors
13.	Promotion of Economic Cooperation with Others Cities and Countries	10,000	40%	20%	30%	10%	Donor, Local Government, Private Sector, Community	October 2004	14 months	City Government and Private Sector, Citizens
14.	Municipal Property Management and Maintenance Project	100, 000	20%	60%	10%	10%	Donor, Local Government, Private Sector, Community	October 2003	24 months	City Government and Private Sector, Citizens
15.	Development of City Water Supply and Sewerage System	10,000,000	65%	10%	25%	0%	Donor, Local Government, Private Sector	October 2002	84 months	City Government and Private Sector, Citizens
16.	Development of City Central Heating System	500,000	50%	10%	40%	0%	Donor, Local Government, Private Sector	September 2003	24 months	City Government and Private Sector, Citizens, Customers
17.	Low Income Housing Project	45,000	100%	0%	0%	0%	Local Government	December 2003	6 months	City Government, Citizens, Customers, Social risk families

STRATEGY FOR LOCAL ECONOMIC DEVELOPMENT OF CITY OF REZEKNE (2004 - 2014)

18.	Identification of New Housing Development Areas Project	7,000	80%	20%	0%	0%	National Government, Local Government	May 2004	10 months	City Government and Private Sector, Citizens
19.	Development of City Housing Policy Project	5,000	50%	50%	0%	0%	National Government, Local Government	January 2005	12 months	City Government and Private Sector, Citizens
20.	Promotion of Housing Management Services Market Project	100,000	20%	60%	15%	5%	National Government, Local Government, Private Sector, Community	March 2004	36 months	City Government and Private Sector, Citizens
21.	Revitalization of Public Spaces Project	500,000	20%	60%	15%	5%	National Government, Local Government, Private Sector, Community	January 2005	60 months	City Government and Private Sector, Citizens
Total Value:		20,226,800	46.4	38.8	13.8	1.4				

VII. STRATEGY IMPLEMENTATION

According to the procedures of preparing municipal budgets in Latvia, the municipal budget has to be approved by local government after receiving state budget approval in the national parliament. Though the Republic of Latvia still has no multi-year budget planning system, some municipalities, including Rezekne, have approved a multi-year budget planning system.

City of Rezekne Multi-year Financing Plan and Capital Improvement Planning System

- Defines value and timing for prioritization of city development projects at current year and future activities
- Is an effective instrument for data collection and monitoring for the decision-making system, and an information source for citizens, municipal organizations and financial institutions.
- The city's long term financial plan has been prepared for a four year period
- The plan is a platform of interconnected activities and services that has been planned and orientated to the LED strategy goals
- It involves city council members, city administration representatives, the business community and social partners including NGOs and municipal enterprises. The main responsibility as laid down by Latvian legislation goes to the chairman of city council

Income and expenditures are prepared in two ways: according to the classification of budgetary expenditures and to strategy programs. The second of these approaches provides an opportunity to follow strategy targets and to monitor strategy implementation results through monitoring by municipal financial institutions.

The main goal of the program is to mobilize financial resources to improve Rezekne's technical and institutional infrastructure. The four year program is reviewed annually and special procedures implemented to:

- Assess the city's annual report and review priority objectives
- Evaluate strategy implementation results
- Collect new project applications for strategy implementation
- Select priority projects
- Balance planned activities with city financial possibilities

In 2002, Rezekne City Council made a decision to establish an interdepartmental working group that is responsible for developing a new edition of the strategy implementation plan.

Criteria for Project Selection

Technical and Economical Criteria:

- Adequacy of the project to the technical, construction and environmental standards and regulations
- Connection to the others technical projects
- Using modern technologies
- Available resources of the municipality
- Impact to the municipal budget (after implementation)
- Possibilities to secure external grants, finances, credits

Social and Economic Criteria:

- Project impact on the quality of life, for example, environment and security
- Project impact on economic activities (competitiveness, number of new working places, new incomes for city budget)
- Linkage with local businesses (impact to the local production and services, cooperation with sub-constructors)
- Identification of focus groups of beneficiaries
- Support on social level

Formal and Legislative Criteria:

- Adequacy of municipal decisions and approved strategy
- Obligations and guarantee in State budget

Budgetary Revenues and Expenditures for the City of Rezekne (2005-2007)

	Execution	Plan	Prognosis		
Fiscal Year	2003	2004	2005	2006	2007
REVENUES (in thousands)	9,350	8,366	9,352	9,950	10,605
OWN REVENUES	4,728	5,351	5,473	5,819	6,205
TAXES	4,076	4,551	4,853	5,174	5,515
<i>Other own revenues</i>	652	800	620	645	690
Subsidies	4,622	3,015	3,879	4,131	4,400
<i>Delegated tasks</i>	2,175	2,387	3,226	3,452	3,694
<i>Municipal tasks</i>	2,447	628	653	679	706
OPERATING EXPENDITURES	7,165	8,009	8,622	8,985	9,330
STATE DELEGATED TASKS	2,167	2,310	2,472	2,645	2,830
<i>Education</i>	2,167	2,310	2,472	2,645	2,830
MUNICIPAL TASKS	4,998	5,699	6,150	6,340	6,500
Administration	672	922	950	979	1,008
<i>Education</i>	1,878	2,173	2,260	2,350	2,444
<i>Health Care</i>	62	22	23	24	25
<i>Social Services</i>	906	996	1,035	1,076	1,119
<i>Communal services</i>	654	906	1,041	1,062	1,085
<i>Culture and Recreation</i>	513	554	570	587	605
<i>Economic Activity</i>	268	21	24	25	26
<i>Others</i>	45	105	247	237	188
OPERATING SURPLUS	2,185	357	730	965	1,275
CIP Expenditure	2,115	1,500	504	1,158	1,190

(USD \$1 = 0.547 LVL)

Municipal Development Agency: “Rezekne Business Center”

Institutional development is a key aim of the Rezekne LED strategy. Although the city is still facing serious demographic and economic challenges, it is clear that the city needs to strengthen its position. The Rezekne Business Center (RBC) city development agency will play a key role in this task. RBC emerged out of the city council’s economic development department and is now responsible for LED on behalf of Rezekne City Council. The aim of this project was to improve cooperation between the city administration and the business community in Rezekne. This idea was implemented and financed under the PHARE 2000 “Development of Rezekne Business Center” project. The Rezekne Business Center became operational in December 2003.

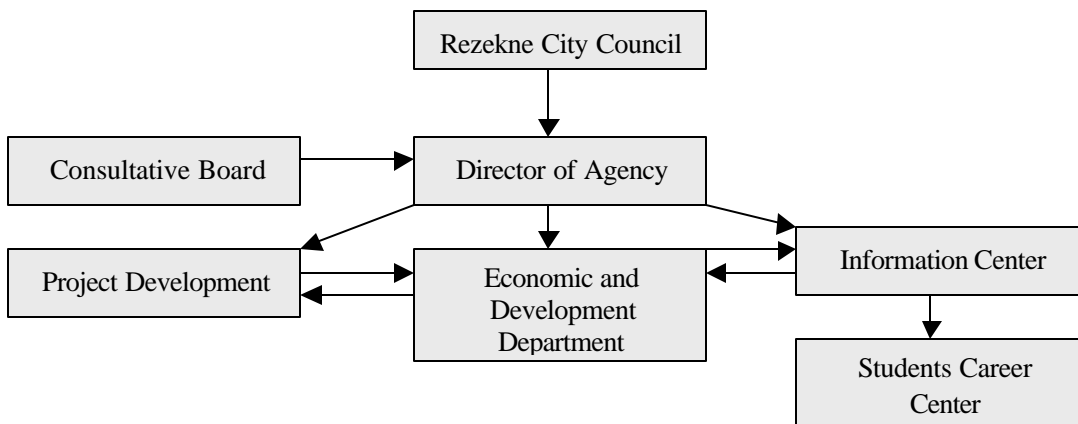
RBC provides economic development services for Rezekne City Council that include promoting business activities, providing services to public and municipal establishments, and the provision of public services to individuals and corporate entities in the city Rezekne and the surrounding district. Rezekne Business Center is established on the basis of Rezekne City Council resolution and annual contract for services with mayor of the city. RBC aims to:

- Promote the development of an entrepreneurial environment
- Improve communication among entrepreneurs and the city council
- Ensure continuous identification of preconditions for a successful entrepreneurial environment by offering services to entrepreneurs i.e., consulting, training and office services, as well as providing assistance with obtaining various permits, confirmations, registrations and documents in the municipality
- Establish and develop the database under the agency’s supervision as well its utilization to provide the necessary information to entrepreneurs for a more efficient decision-making and business development process
- Enhance the necessary services to the entrepreneurs focusing on regulation, adjustment and improvement of entrepreneurial environment in the interests of Rezekne city
- Provide services to public and municipal establishments, individuals and corporate entities

RBC, according to its objectives and functions, has established the following principal departments:

- Project development department
- Economic and development department
- Information department (Students Career Center)

RBC Organizational Structure



RBC is charged with undertaking the following functions:

- Summarizing the proposals identified by the Rezekne LED strategy
- Improving the effectiveness and efficiency of solving the economic and development issues in the Rezekne city council by promoting communication between the city council and entrepreneurs
- Promoting Rezekne to supporting institutions
- Attracting investments to enhance the regional and urban business environment
- Providing services to Rezekne city and district entrepreneurs by delivering the following assistance: consulting, training and office services, as well as providing assistance with obtaining various permits, confirmations and registrations
- Cooperating with other organizations
- Organizing international cooperation with other similar establishments and organizations in foreign countries in order to get acquainted with their experience and make improvements to the commercial environment;
- Establishing and maintaining various information databases with the information necessary for Rezekne city commercial environment
- Cooperating with public and municipal institutions, NGOs, businesses and merchants to encourage information exchange and project realization

VIII. CITY OF REZEKNE PROJECT ACTION PLANS

Project: Creation of Rezekne Business Center (SME Enterprise Center)	Program Type(s): Business Development Program
Short Description of the Project : The Rezekne Business Centre (RBC) is a modern center for the promotion of entrepreneurship and LED. The Center offers business development services to local entrepreneurs. With a qualified staff and equipment, the center is able to offer a wide range high quality services to the business community. A professional team offers advice to existing or potential entrepreneurs in management, finance and marketing. Related services include business planning, preparing loan applications, offering business information, organizing courses and seminars, organizing roundtables and conferences, providing feedback to the local administration, advocacy and project development.	
Expected Results: To promote the development of an entrepreneurial environment in the City of Rezekne and the wider region To improve the operational effectiveness of the economic and development activities and planning by improving communication between the municipality and entrepreneurs An increase in the contribution of the private sector to the municipal budget and local economy An improved rate of economic growth and social development To implement entrepreneurship support by attracting entrepreneurship support institutions for the support consultancies; to provide regional entrepreneurs with the necessary competences To provide practical and professional education and training to student interns To reduce unemployment and business failures and increase the number of business start-ups	Target Group(s): The main target user groups of the Rezekne Business centre development plan are: RBC: Development document for period up to 2008; Rezekne City Council: For planning and control of RBC financing; Rezekne city and regional entrepreneurs: for the better development of their companies and getting to know possibilities; RBC cooperation partners: for the preparation and development of cooperation proposals; Education institutions: students and necessary research matching; Potential investors: investment proposals preparation and cooperation planning.
Possible Stakeholders :	Possible Contributions to the Project :
Rezekne City Council	Project Managers
Latgale regional cities and communities; other local municipalities	Partners in the implementation in the project
Ministry of Economy, PHARE program for SMEs, state institutions and employment service, company register, Rezekne education institutions	Technical and financial assistance
Latvian Technological Park, LTC and business incubators, professional and industry associations, support centers, organizations abroad	Technical advice through experts
Rezekne Higher Education Institution	Students may work here as interns
Latvian Development Agency and other organizations willing to exchange information	Technical and financial assistance Technical advice through experts
Prerequisites: Adequate infrastructure Specialists that could provide services	Available premises and equipment Available financial resources
Estimated Costs: Investment: US \$150,000 Non investment: US \$35,000 Annual operational costs: US \$20,000	
Time for Implementation: Development period 2002-2004	Time to Impact: Full institutional capacity by 2008

<p>Project: Economic and Entrepreneurship Information System (EEIS)</p>	<p>Program Type(s): Local Government Improvement Services</p>
<p>Short Description of the Project: The economic and entrepreneurship information system is a part of the Rezekne Business Center and provides various types of data to entrepreneurs through a portal. It is envisaged that entrepreneurs will use the portal to obtain information about enterprises, economic indices in the Rezekne region and indices of industries. The elaborated services will received information about municipal functions, activities, list of payments for different permissions and confirmations. The Entrepreneur Portal will provide information about municipal regulations and rules that are connected with entrepreneurship. The elaborated business portal will also provide informative linkages among companies, assist with business-to-business communication, assist in partner search, serve as a database for company supply chain needs.</p>	
<p>Expected Results: Entrepreneurs will be able to obtain information on enterprises, local and regional economic and industry indices in Rezekne The elaborated services will get received information on relevant municipal functions, activities, list of payments for different permissions and confirmations The Entrepreneur Portal will provide information about municipal regulations and rules that are connected with entrepreneurship. The business portal also will provide informative linkages among companies, organize business to business communication, effectively assist in partner search, will serve as data base for companies supply and demands needs. The information system about economics and entrepreneurship will integrate and will effectively fulfill each other</p>	<p>Target Group(s): Rezekne city and regional entrepreneurs: for the better development of companies and getting to know possibilities Education institutions: students and necessary research matching; Potential investors: preparation and cooperation planning</p>
<p>Possible Stakeholders:</p>	<p>Possible Contributions to the Project:</p>
<p>Local government</p>	<p>Project Manager</p>
<p>Business association/ Private sector</p>	<p>Project support/ offers information, advertises initiatives and possibilities</p>
<p>International organizations</p>	<p>Technical and financial assistance</p>
<p>Governmental and non governmental organizations</p>	<p>Partners and users of the information and advertising</p>
<p>Prerequisites: Adequate infrastructure Support from the administration to create and update the information system</p>	<p>Risk Factors : Lack of specialized personnel Lack of financial funds</p>
<p>Estimated Costs: Investment costs: US \$90,000 Non Investments costs: US \$45,000 Annual operation costs: US \$8,000</p>	
<p>Time for Implementation : One year</p>	<p>Time to Impact : One year later, after project becomes operational</p>

Project: Venture Capital Fund	Program Type(s): Business Development Program
Short Description of the Project: Created out of the Rezekne Special Economic Zone fund, the Venture Capital Fund will be operated independently of state and municipal grants on a commercial basis, and will utilize external funding. Given Rezekne's weak SME capacity relative to the Latvian average, it is envisaged that the Venture Capital Fund will be an important instrument in the support and development of local enterprises and entrepreneurial activity.	
Expected Results: Support of Business development Access to the capital for most dynamic companies	Target Group(s): Small and medium sized enterprises Existing enterprises Potential investors
Possible Stakeholders:	Possible Contributions to the Project :
Rezekne Special Economic Zone	Project managers
Local government	Technical and financial assistance
Business association/private sector	Technical and financial assistance
Prerequisites: Potential conditions for local business development exist Support from the administration	Risk Factors: Lack of specialized personnel Lack of financial funds Low business potential of local businesses
Estimated Costs: Investment: More than US \$500,000 Non Investment: US \$50,000 Annual operational costs: US \$25,000	
Time for Implementation : 3 years	Time to Impact: After 3-5 years

Project: Business Roundtable	Program Type(s): Business Association Development Program (Public-Business Cooperation)
<p>Short Description of the Project: There is no regular information exchange between Rezekne municipality and the local business community. The main task of the project is to broaden and diversify the economic base in Rezekne; organize regular meetings between Rezekne's entrepreneurs, the municipality and the Rezekne Special Economic Zone and Chamber of Trade and Industry, and discuss practical topics for city development, recognize the business community's situation and needs, and establish a forum for the direct cooperation between public and private sector partners.</p>	
<p>Expected Results: Regular information exchange between local business and municipality Common projects could be developed, development of business environment in Rezekne and trust between business and municipality Help support local to businesses</p>	<p>Target Group(s): Rezekne city and regional entrepreneurs Small and medium sized enterprises Entrepreneurs organisations</p>
<p>Possible Stakeholders:</p>	<p>Possible Contributions to the Project:</p>
Rezekne municipality	Manager and donor of the project
Chamber of Trade and Industry	Co-donor of the project
Special Economic Zone	Co-donor of the project
Rezekne City Council	Co-donor of the project
<p>Prerequisites: Motivation or participation in implementation of project Mutual cooperation with L.G. with the purpose of business development</p> <p>Estimated Costs: US \$3,000</p>	<p>Risk Factors : Condition that donors offer Untrained and inexperienced staff</p>
<p>Time for Implementation : One year</p>	<p>Time to Impact : After one year</p>

<i>Project:</i> Business Conference Center	<i>Program Type(s):</i> Business Development Program
Short Description of the Project: The Business Conference Center provides a venue for conferences, workshops and training sessions. The reconstructed and equipped business conference center is able to offer simultaneous interpreting and videoconferencing, and a number of international conferences and business training events have been held.	
Expected Results: Creation of Rezekne as business tourism destination Development of conference facility Attracting Rezekne for training institutions Renovation of existing facility	Target Group(s): Rezekne city and regional entrepreneurs Education institutions
Possible Stakeholders: Rezekne municipality Chamber of Trade and Industry Special Economic Zone	Possible Contributions to the Project : Manager and donor of the project
Prerequisites: Existence of the project manager Available office and conference hall	Risk Factors: Budget limitation Additional office staff Insufficiently qualified people to staff the office
Estimated Costs: Investment costs: US \$190,000 Non investment costs: US \$25,000 Annual operational costs: US \$12,000	
Time for Implementation : One year	Time to Impact : After one year

Project: Student Career Center	Program Type(s): Education Program
Short Description of the Project: As a service of the Rezekne Business Center, the Student Career Center (SCC) will promote and facilitate cooperation between employers and local and regional educational institutions to increase the professional capacity of local labor force and improve overall educational quality.	
Expected Results: Create and use student abilities evaluation system/ criteria Staff selection (Company is receiving list of potential workers) Research databases (universities and companies) Feedback from entrepreneurs Creation of practice places database Office services delivery Participation in students organized events Student's auction Information about potential sponsors Qualification raise for training staff, experience exchange, practice Project initiative Participation in exhibition/conferences Research for entrepreneurs Create possibility for employment	Target Group(s): Education institutions (local and foreign) Students Trainers/ lecturers Graduates Companies and institutions(local and foreign) Owners Managers Staff Employment institution
Possible Stakeholders:	Possible Contributions to the Project :
Municipal Assembly	Department of Education
Municipal Directorate of Education	Business community
Students organization	Opportunity for students to work in the office as interns so they can perform services under supervision of senior staff while gaining experience
Local business service providers and other institutions – a. practical experience for students and faculties. B. income for university and future positions for students	
Prerequisites: The Project is ongoing and the results achieved so far are satisfactory Commitment from the municipality to support the program	Risk Factors: Lack of continuous source of financing Migration of qualified students to bigger urban centers Limited business potential in the area
Estimated Costs: Investment costs: US \$20,000 Non investment costs: US \$18,000 Annual operational costs: US \$18,000	
Time for Implementation : 6 months	Time to Impact : After 12 months

<i>Project: 'One-Stop Shop' for Business</i>	<i>Program Type(s):</i> Local Business Enabling Environment Program
<p>Short Description of the Project: The goal of the project is the establishment of a 'one-stop' shop that will offer professional advice business in management, finance, marketing and human resources to current Small and Medium Enterprises. Those interested will be able to acquire information and receive assistance in complying with the administrative procedures related to the establishment and operation of a businesses. The 'one-stop' shop will provide assistance to business managers in planning, the organization of courses, seminars, support of the business community through communication (roundtables and conferences) with the local administration, advocacy. The 'one-stop' shop will gradually become self-financing and users will be charged a fee for services; several services are exempted from payment such as seminars or assistance for starting a business. Initial 'one-stop' shop start-up costs will be covered by the municipal budget and/or donor funds. The establishment of the 'one-stop' shop will become a factor in improving the overall local business environment. The long term impact will be less unemployment, a better economy and higher local incomes.</p>	
<p>Expected Results: Increase in number of businesses Improvement of business environment Efficient and timely deliver of administrative services for SME Reduction failures in business Decreasing unemployment Better relation between local administration and business clients Faster and better quality of services</p>	<p>Target Group(s): Potential investors, people with business ideas who lack finance or knowledge to start up a a business Existing SME People with business ideas that do not have knowledge or financial means to start a business</p>
<p>Possible Stakeholders: Business associations, chamber of commerce Local government, International organizations, European Union programs in regional private enterprise center</p>	<p>Possible Contributions to the Project : The LED team Department for reconstruction and development of the municipality The local chamber of commerce Private businesses</p>
<p>Prerequisites: Availability of office and equipment in the municipal building Availability of trained and skilled individuals in the business service area Possibility to coordinate and merge resources with donor programs</p>	<p>Risk Factors: Not sufficient expertise in business service providing Lack of coordination in donors programs Limited options for financing Difficulties in gathering data and accessing information</p>
<p>Estimated Costs: Personnel salaries (three people): US \$7,200 Equipment: US \$5,000 Variable expenses: US \$4,000 Rent of the buildin g: US \$2,400 Total expenses for the first year: US \$18,600 Partners can contribute to project financing (in cash, equipment, buildings) After a period of time the services of the center may be compensated at reasonable price. Training and seminars can be financed from donations or additional funds</p>	
<p>Time for Implementation : One year</p>	<p>Time to Impact: Review after 3 moths of activity</p>

<i>Project: 'One-Stop Shop' for Citizens</i>	<i>Program Type(s):</i> Local Government Improved Services
<p>Short Description of the Project: Two employees (from the municipal administration) will provide basic information on the requirements for registration and licensing of businesses, procedures and fees). The office may distribute information regarding changes in the legislation or administrative procedures from other institutions/departments (procedures for tax collection, requirements for sanitary licensing, fire brigade norms). The office could also provide basic data to possible investors. It is possible that services are free of charge.</p>	
<p>Expected Results: Increase in the quality of municipal professional services offered to citizens, business community and NGOs Improved relations between local administration and citizens Faster and better quality services provided by the municipal administration An improved business environment that is favorable to local and inward investments An increased number of businesses (easier access to info) Established database on business for municipal government An increase in public confidence of municipal government</p>	<p>Target Group(s): Local government: local administration Business community Citizens NGOs</p>
<p>Possible Stakeholders:</p>	<p>Possible Contributions to the Project:</p>
<p>Local government</p>	<p>Financial assistance Direct financial support, political support Offers specific information for various staff</p>
<p>Business association and Private Sector</p> <p>Prerequisites: Previous and selective preparation Adequate training facilities</p>	<p>Financial support Technical assistance</p> <p>Risk Factors : Limited financial resources Insufficiently qualified people to staff the office</p>
<p>Estimated Costs: US \$10,000 Running costs: US \$2,000</p>	
<p>Time for Implementation : One year</p>	<p>Time to Impact : Review after 3 months of activity</p>

<p>Project: Promotion of Economic Cooperation with Others Cities and Countries</p>	<p>Program Type(s): Encouraging Local Business Growth Promote Inward Investments Investment in Soft Infrastructure Improving Local Business Enabling Environment</p>
<p>Short Description of the Project: One of the main problems faced by the municipality is that there are so many changes to cope with and very little experience and expertise in many fields. This project aims to establish communication channels between municipalities in the hope that they can share experiences and program ideas. These exchanges could range from selling products in the other's market, creating joint ventures, exchanging students or trainees for apprenticeships. The project will involve professional correspondence, presentations, visiting and hosting the partners, organizing fairs and presentations, and preparing promotion materials.</p>	
<p>Expected Results: Increased opportunities for the local businesses that may find markets and partners in the partnering municipality. There is an opportunity for tourism development Increased number of businesses (either locals start new ones to match the ones of the partners or create Joint Ventures) Increased investments from outside the community Eventually all the above determine reducing number of unemployed</p>	<p>Target Group(s): Existing entrepreneurs Local administration. NGOs and associations Public institutions</p>
<p>Possible Stakeholders:</p>	<p>Possible Contributions to the Project :</p>
<p>Local government</p>	<p>Leader of the project</p>
<p>Business association</p>	<p>Partner of the project</p>
<p>Chamber of Commerce</p>	<p>Possible partner for the implementation of the project</p>
<p>NGOs, Associations</p>	<p>Beneficiaries of the project due to the opportunities opened for partnerships</p>
<p>Public institutions</p>	<p>Involved in the implementation of the project and participants in the experience exchanges.</p>
<p>Diaspora</p> <p>Prerequisites: City is determined to support the project and motivate other groups of the community to become involved There are available, suitable partners identified, willing to partner.</p>	<p>Supporter of the project, may represent a liaison with the communities where they settled</p> <p>Risk Factors: City instead of increased transparency ends up by taking full advantage of the project for the personal interests of the staff.</p>
<p>Estimated Costs: Total: US \$17,000 Promotion materials: US \$2,000 Visiting partners: US \$5,000 Public relations: US \$3,000 Administrative Costs: US \$2,000 Organizing meetings and fairs: US \$5,000</p>	
<p>Time for Implementation : Start-up in about one year</p>	<p>Time to Impact: First evaluation after 1-2 years of operations.</p>

<i>Project:</i> Business Community Survey	<i>Program Type(s):</i> Local Business Enabling Environment Program
Short Description of the Project: The objective of this project is to conduct a survey of the business community with business individuals from a wide variety of sectors in order to receive current information on the needs, goals and constraints of engaging in business, through a questionnaire prepared by the Directorate for Economy and Finance. This survey will be used to create a realistic overview of the needs of the business community, identify the tools to overcome challenges and design specific projects to address these needs.	
Expected Results: Better knowledge about local business Guidelines for SME support projects	Target Group(s):
Possible Stakeholders: Chamber of Commerce Local government	Possible Contributions to the Project: Manager of the project Staff of the municipal departments
Prerequisites: There is a socially endangered population	Risk Factors : Insufficient budget Lack of capacity to conduct and analyze surveys
Estimated Costs: 3000 USD	
Time for Implementation : 2 months	Time to Impact : 4 months