

## INTERNATIONAL CONFERENCE

### ENTREPRENEURSHIP IN REGIONS TO STRENGTHEN THE EUROPEAN UNION COMPETITIVENESS

11 - 12 February 2015

#### STRATEGIC POLICY RECOMMENDATIONS\*

In order to achieve EU 2020 strategy goals, to improve growth and competitiveness of the European Union as a whole and its individual Member States and regions, to boost employment and balanced mobility of labour force, **the highest priority in the political agenda of the European institutions and national governments should be given to promoting convergence between less developed and more developed EU countries and regions.**

In order to promote convergence between less developed and more developed EU countries and regions the following tasks should be addressed.

1. One of the side effects of unbalanced regional development is the outflow of labour force from the less developed EU countries and regions, thus contributing to depopulation process of the less developed European countries and their regions. Depopulation sets a threat on the development of national and regional industrial, service and agricultural sector, and undermines their international competitiveness.

The employment, the growth and the balanced social and economic development in all EU Member States and in certain regions can be only ensured by implementing convergence measures for socio-economic cohesion among the EU countries and regions.

In the context of review of the EU 2020 strategy goals, national competitiveness vis-a-vis EU competitiveness also has to be measured and target of convergence between EU Members States and regions - between and among less and more developed ones – needs to be set in order to support the overall tasks of the European Union to promote economic, social and territorial cohesion, and solidarity among Member States in line with the Treaty on the Functioning of the EU.

2. The sustainable development of municipalities is based on a commercial success of its territory. **Entrepreneurial activity is an important precondition for reducing regional disparities**, as it provides employment opportunities and hence the welfare of the people, stimulate the stay of the population in their residence and reduce process of the depopulation, as well as generate revenues in municipal budgets in the form of taxes, which in turn makes it possible to invest in improvement of the infrastructure of the territory resulting in increase of quality of life.

**Many obstacles hindering economic activity can be successfully addressed at the local level**, including the involvement of private sector partners. Entrepreneurs expect municipal support for more favourable business environment, in particular in a form of the development of well-functioning infrastructure (transport, water supply and sewerage, electricity connections, IT infrastructure and e-services, etc.) and cross border infrastructure to remote regions, as well as reducing the local administrative burden on businesses, thus creating preconditions for improved competitiveness and sustainability of business.

In order to make efficient use of the resources available in the local territory, **cooperation of local municipality with entrepreneurs is essential** not only for addressing infrastructure deficiencies that impede the development of business in the local territory, but also for the business community

\* For the EU Competitiveness Council (26.-27.03.2015) and Riga Declaration for the Informal Meeting of Ministers responsible for Cohesion Policy and Territorial Development (09.-10.06.2015)



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as an important social group engaging actively in developing the overall development strategy of the local municipality, including helping to identify new opportunities of economic development on the basis of local knowledge and skills.

3. When planning the regional and local development, it is **necessary to identify existing resources of the given territory**, to coordinate attraction of additional resources and **to realize the development potential of the territory**. The **specialization of the territory** has an important role, promoting successful use of comparative advantages of the territory, mutual complementarity of the territories and avoiding unnecessary competition, thus promoting efficiency and sustainable use of the resource. There exists natural functional links between urban and rural territories; the skillful management of those can contribute to the solving variety of challenges that go beyond administrative borders, to improve growth performance, and also to raise the quality of life.

4. An essential prerequisite for business development is **availability of labour force** that can be ensured by enhancement of balancing of demand and supply of labour force at regional and local level, by cooperation among educational institutions, entrepreneurs, regional and local authorities, thus promoting sustainable employment opportunities and a quality of live, in particularly by implementing targeted employment incentive programs.

5. Social dialogue is a tool to create favourable business environment, to promote the development of industry, service and agriculture sector, and is a tool for investment in innovation and sustainable development of regions. Social dialogue mechanism should be incorporated in sustainable development strategies of local municipalities. The **social dialogue framework** – the collaboration among representatives of employers, employees and local governments – **should be used to do more to address availability of public services**, especially by a better organisation of social services, **and to support more favourable and predictable business environment at local level**, by actively promoting entrepreneurship spirit and the positive impact of business on the development of local territory and the increase of welfare.

6. In order to promote regional development, industry, agriculture and services, to improve the business environment and infrastructure, and to ensure innovation, it is essential **to make full and consistent use of all available financial and non-financial instruments for regional development and local entrepreneurship**. All levels of government, regardless of their size, should support activities ensuring that regional and local municipalities become a driving force for the smart, creative, sustainable and inclusive development, promoting territories where entrepreneurs want to grow and to invest, and where people are happy to live and work, to visit and where to spend their money.

It is essential to apply an integrated approach to territorial planning and its implementation at all levels of government, by addressing important challenges in a complex and successive manner and, by making the most effective use of existing resources and potential for growth available at the local municipality and in the region. We are inviting local municipalities to look for opportunities to promote **access of finances for enterprise using grant and business start-up support programs, business incubators and technology transfer centres, public-private partnership, credit unions and enhancing co-operation of entrepreneurs**.

Employers' Confederation of Latvia (LDDK) as a representative of entrepreneurs and employers' organizations will follow the implementation of the recommendations and their adequate reflection in the EU, national and local policy documents.

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