

Baltic States Catching-up Regions Initiative (CuRI)

Estonia, Latvia & Lithuania: Strengthening border regions for resilience and growth

Background

While the three Baltic states, Estonia, Latvia and Lithuania, have seen significant reforms and income convergence since independence in the early 1990's, regional disparities within the countries have remained. In some cases, these disparities have deepened in terms of GDP per capita, economic activity/production, access to jobs as well as the provision of basic and other social services (including healthcare and education), these changes have been accompanied by negative demographic change. Development challenges in the historic lagging border areas have recently been significantly deepened and negatively accelerate because of a volatile and evolving geopolitical situation in context of the EU external border with Russia and Belarus.

Under programs as part of the European Commission's Cohesion Policy several efforts have been made to address these regional disparities through targeted development programs and investments in infrastructure, education, and entrepreneurship to promote balanced economic growth across all regions. The absorption of funds varies by region, often attributed to limited capacity at local and regional level to plan, design and implement development projects. Investment efforts are further underpinned by a range of development policies and regional development strategies, the latter developed with a focus on the 2021 – 2027 programming period and ensuring access to the available EU funded programs in line with national and local priorities. Several plan and strategy reviews are reported to be in progress to incorporate the evolving geo-political context, with information around the impact of disruptions relating to the regional conflict and localized border closures are available to a varying degree and produced by different actors (ranging from national economic impact statements to hyper local socio-economic surveys).

Objective

The objective of the initiative is to work closely with and support local and regional stakeholders in selected border regions to identify, enable and accelerate sustainable development and social investment opportunities under currently available European Cohesion policy funding. The concrete outcomes of the initiative should be an effective project pipeline and a strengthened capacity of the regional and local authorities to implement a range of development projects. A feature of the Baltics CuRI is its bottom-up approach, with local/regional authorities playing a pivotal role in selecting specific areas of work (in close collaboration with the EC, national authorities and the World Bank).

The project will focus on a limited set of regions selected from ones that create the external EU border with Russia and Belarus in the three Baltic countries (Estonia, Latvia and Lithuania). Discussions between these and other border affected countries (e.g. Poland, Finland) on the topic of regional development and an increasing focus on safety and security in border regions have already been initiated and are ongoing through different platforms and initiatives. This project will not duplicate these efforts, which often concentrate on analysis of current development and the effects of war, as well as on networking. The Baltics CuRI will emphasize narrow topics in selected territories with potential for utilization of EU funds and capacity building provide an even stronger local and regional lens, build local capacity to catalyse local action and build a critical mass of cooperation and sharing of ideas and approaches from the bottom-up. The data gathering and knowledge gained in the process will also help provide further insight on the impact of Russia's invasion of Ukraine on the border regions.

The project commenced in April 2024 and is envisioned in two Phases:

- 1) Scoping (3 – 4 months) – background research, identification of key issues and focus areas and securing buy-in and active participation from key local, regional and national stakeholders; and
- 2) Implementation of regional/local support (12 – 18 months) – including regional capacity building and technical assistance in limited thematic areas, as well as knowledge sharing and regular convening across regions and participants (in close collaboration with the EC and the national level).

Providing technical assistance to a specific region or locality will be informed by the local priorities and conditions and the local capacity and ability to absorb such support. It will further be necessary to identify common issues and themes, with a long-list of potential thematic focus areas including: local economic development, skills attraction and development, housing quality and supply, mobility and connectivity, social services and social protection, inter-municipal cooperation as well as cultural cohesion and integration.

Regions of focus

In discussions with the participant countries, the following regions have been identified for potential support:

Estonia	South-East Region with a specific focus on Põlva, Võru and Valga (given existing cooperation efforts) and additional focus on the linkages with Tartu as main economic center in the region
Latvia	Latgale region, with specific focus on Daugavpils and Rēzekne as urban areas of significance, possibly extending to parts of Vidzeme region once the thematic scope has been agreed. Results of the project should be applicable also to Vidzeme and Zemgale.
Lithuania	Utena county and a few directly adjacent rural municipalities with direct border proximity in the capital region (dependent on relevance of thematic focus areas)

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