



27 May 2016

Progress report of FICIL's recommendations on Transportation

1. Assessment of the current situation and retrospect to the progress achieved

The Foreign Investors' Council in Latvia (FICIL) supports "sustainable mobility" to enable economic growth and promote integration, sustainability, territorial cohesion and openness within the transportation network of the Republic of Latvia. To achieve development that is sustainable, FICIL sees four key issues that should define all future development activities:

- 1) transparency;
- 2) competition – elimination of protectionism for a well functioning market;
- 3) predictability – stability in the investment climate; and
- 4) continuity – stability of the regulatory and policy environment to foster more forceful attraction of foreign direct investment.

The Transport Work Group has prepared three position papers since 2007 that have all focussed on strengthening future-looking development and mobility strategies, strengthening coordination efforts across national/regional/local administrative bodies and strengthening control mechanisms in monitoring the effective implementation of projects and spending. From our perspective, minimal advancement has been made regarding these topics.

Although, at this moment in time, many large-scale strategic transportation infrastructure projects have been approved and are on the short-term implementation horizon since funding has been secured. This will require very robust TACTICAL approaches to take maximum advantage of external funding sources (Connecting Europe Fund/Cohesion Fund/others). Cross-sectoral integration and effective project monitoring is mandatory for successful project realization.

2. Matters that need immediate attention

- 1) **Cross-sectoral and coordinated management** control for transport development.
- 2) **Assessing and restructuring the operations of each transportation sector to become more "landlord-based"** (promoting private business and investment) rather than "operator-based" (internalized services and operations);
- 3) **Identifying Transport related industry strategies** – assess, evaluate and prioritize transportation initiatives at the national and local level to promote growth not only in the transportation sector, but in allied industry sectors.
- 4) **Monitoring and Evaluation Strategy** – should promote and enforce effective monitoring and evaluation strategies for all transportation sector institutions that have adopted sustainable transportation development programs to ensure predictable and accountable implementation.

5) Develop an open and transparent monitoring and evaluation database for the efficient management and control of data related to key performance indicators for large scale implementation projects.

3. Recommendations

Since the railway mainlines and urban transportation networks in Latvia are underdeveloped, the country will have to continue to invest in transportation infrastructure to remain competitive in the EU and global marketplace. Latvia is inherently located at a strategic geographical “gateway” position for east-west freight transport and also is inherently a transit country from north to south for freight and passenger flows.

To increase the competitiveness of Latvia’s freight and passenger services, the existing rail infrastructure and local public transportation infrastructure needs significant improvements. Over the past 10 years transportation authorities have prioritized numerous transportation initiatives including transit corridor improvements, tram and trolley-bus replacements, railway modernization projects, as well as high-level EU directives such as Rail Baltica. This pro-active strategic approach has resulted in securing significant funding to implement many of these projects.

Now – the transportation authorities’ need to focus on tactical actions supported by good governance to expedite the projects at pace required by the funding conditions:

- 1) Fair representation & open participation in all procedures – public/stakeholder participation in implementation processes
- 2) Responsiveness to comply with funding deadlines – allocation of adequate resources in all implementing bodies to minimize response time and proactively manage projects.
- 3) Openness and transparency – Open dialog and access to information for all project stakeholders.
- 4) Ethical Conduct – establish a Code of Ethics for each transportation authority and provide training and monitoring for all implementation bodies and affiliates.
- 5) Innovation and Openness to Change – foster innovation and strategic thinking to catalyse wider sectoral development related to transportation.
- 6) Sustainability and Long-term Orientation – evoke strong sustainability principles in the definition of all work packages related to transportation infrastructure projects.
- 7) Accountability – develop the monitoring and evaluation strategies at each implementation body to ensure predictability and accountability.

Excerpts from Council of Europe – Democracy - The 12 principles for good governance at local level, with tools for implementation
(http://www.coe.int/t/dgap/localdemocracy/Strategy_Innovation/12principles_en.asp)