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COMMISSION STAFF WORKING PAPER

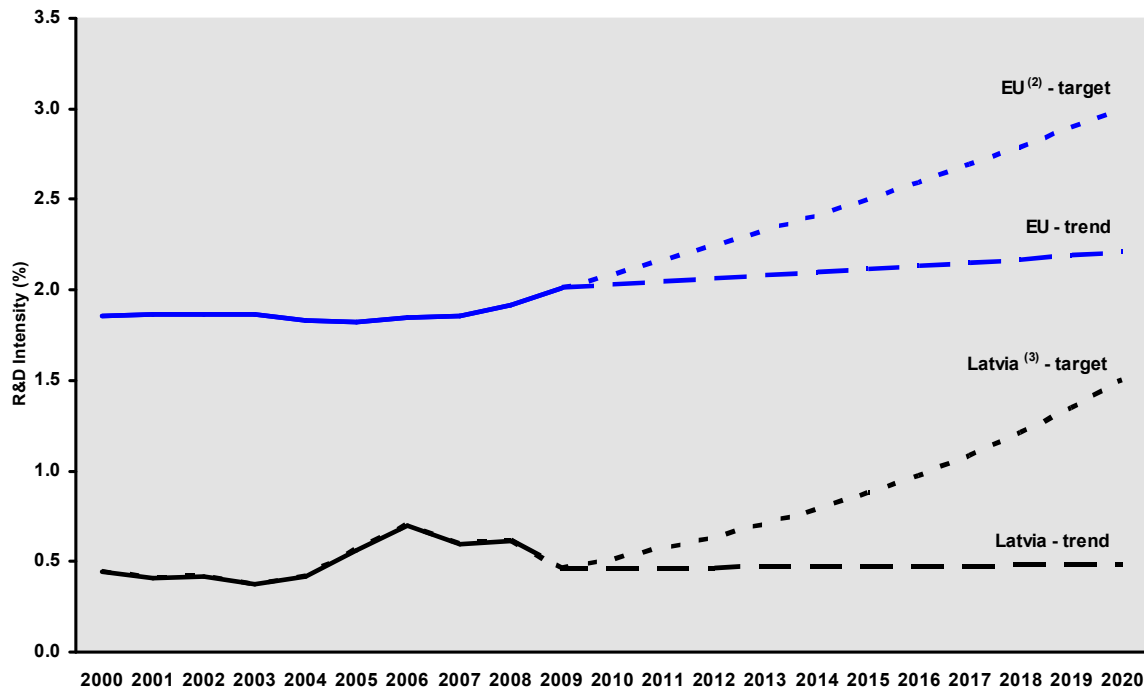
Innovation Union Competitiveness report 2011

COUNTRY PROFILE
LV - Latvia

Progress towards meeting the Europe 2020 R&D intensity target

Latvia is aware that an effort in R&D is necessary to ensure a sustainable development of the country which has badly suffered from the financial crisis. Latvia has increased its R&D intensity during the 2000-2008 period by an average annual growth rate of 4.1%, passing from 0.44% in the year 2000 to 0.61% in 2008. This increase has been fuelled thanks to an increase in public R&D investment, which rose at an average annual growth rate of 7.1% (from 0.26% to 0.46%). On the other hand, private R&D fell from 0.18% to 0.15%. However, with the deterioration of the economic situation in the country, the public and private sector investment in R&D decreased in 2009 (0.46 %) and again in 2010.

Latvia - R&D Intensity projections, 2000-2020 ⁽¹⁾



Source: DG Research and Innovation

Innovation Union Competitiveness report 2011

Data: DG Research and Innovation, Eurostat

Notes: (1) The R&D Intensity projections based on trends are derived from the average annual growth in R&D Intensity 2000-2009.

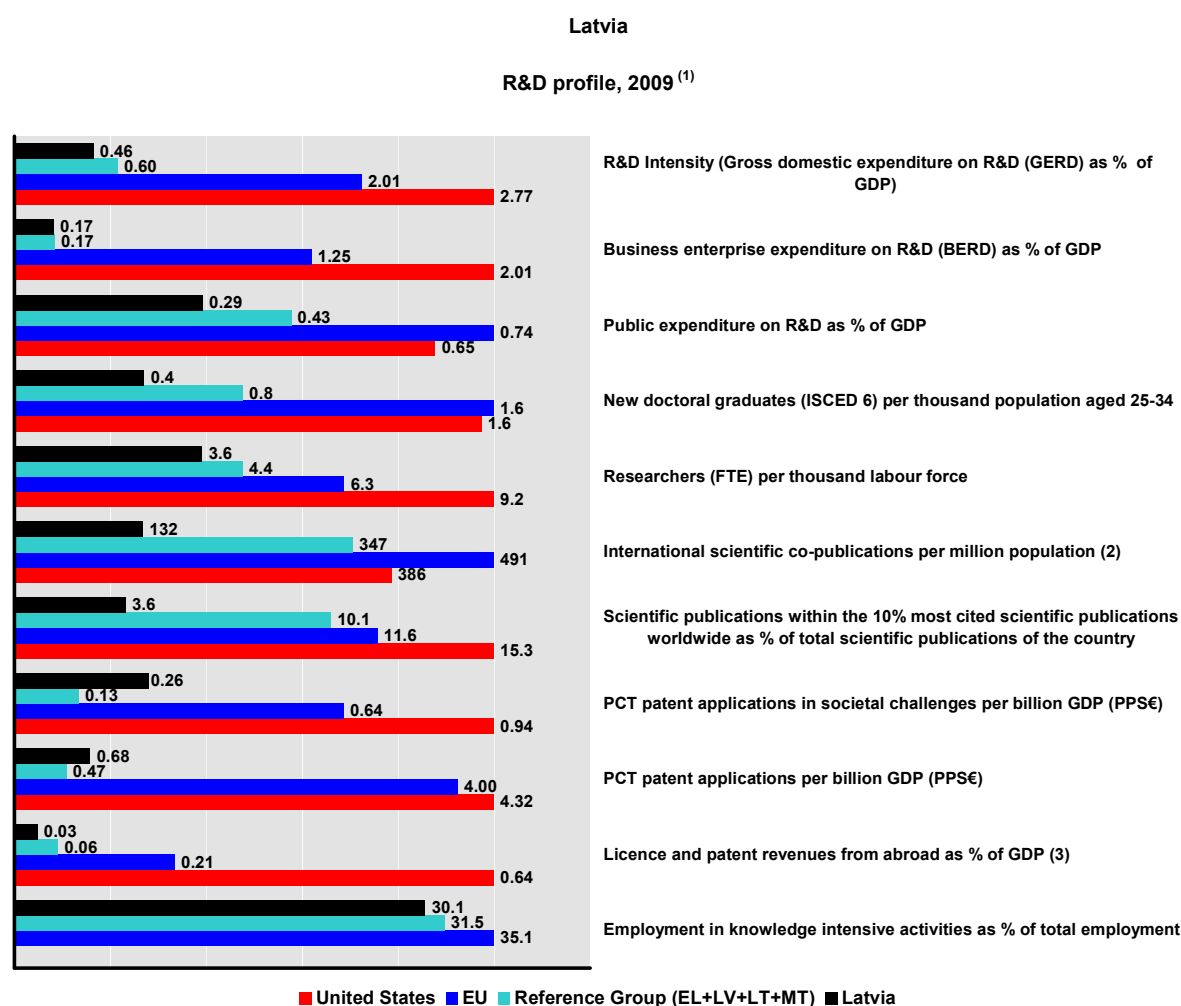
(2) EU: This projection is based on the R&D Intensity target of 3.0% for 2020.

(3) LV: This projection is based on a tentative R&D Intensity target of 1.5% for 2020.

Research and Innovation Performance

Latvia is characterised by a very weak performance in terms of Research and Innovation performance both in comparison to the EU in general but also in comparison to the reference group (see composition in the following graph). While a strong and innovative industry is a means to ensure investment in R&D, Latvia is characterised by a weak funding and participation of industry in R&D.

Latvia's growth since the independence has been very much built on low labour costs and production of products of low added value. As costs and incomes start to converge with wider EU norms, companies need to shift the base of their competitiveness. In that respect creation and growth of innovative firms is a key to economic regeneration.



Source: DG Research and Innovation

Data: Eurostat, OECD, Science Metrix / Scopus (Elsevier)

Notes: (1) The values refer to 2009 or to the latest available year.

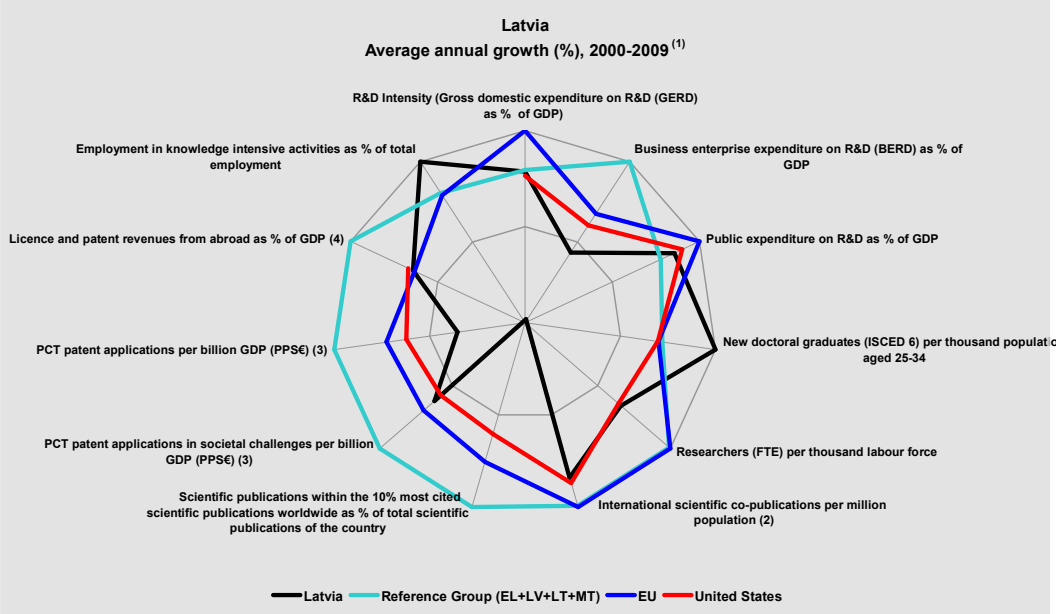
(2) The EU value refers to the median rather than to the average.

(3) EU refers to extra-EU.

(4) Elements of estimation were involved in the compilation of the data.

Innovation Union Competitiveness Report 2011

While other indicators such as employment in knowledge intensive activities as % of total employment and growth of the number of PhD progress, albeit from a low basis, they point to a real problem in internationalisation and international publication of research. Latvian researchers publish in Latvian journals instead of trying to publish in international journals. Access to international journals and international publication databases is a problem, owing to cost. International collaboration can sometimes give indirect access.



Source: DG Research and Innovation

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Data: Eurostat, OECD, Science Metrix / Scopus (Elsevier)

Notes: (1) Growth rates which do not refer to 2000-2009 refer to growth between the earliest available year and the latest available year over the period 2000-2010.

(2) The EU value refers to the median rather than to the average.

(3) Average annual growth refers to real growth.

(4) EU refers to extra-EU.

(5) Elements of estimation were involved in the compilation of the data.

Participation in the European Research Area: Scientific and Technological collaborations

The low level of Latvia's participation in the European Research Area reflects the global level of its R&D performance. Co-publications are significant with its neighbours (Sweden, Finland, and Estonia), but also with Germany and Denmark, while co-patenting activity in absolute values stayed at a low level in 2007.

FP7 Key facts and figures

Applications:

As of 2011/03/16, a total of

- 636 eligible proposals were submitted in response to 248 FP7 calls for proposals
- involving 800 applicants from Latvia (0,30% of EU-27*) and
- requesting EUR 150,66m of EC contribution (0,17% of EU-27*)

Among the EU-27* Latvia (LV) ranks:

- 25th in terms of number of applicants and
- 25th in terms of requested EC contribution

Success rates:

- The LV applicant success rate of 22,1% is similar to the EU-27* applicant success rate of 21,6%.
- The LV EC financial contribution success rate of 11,2% is lower than the EU-27* rate of 20,7%.

Specifically, following evaluation and selection, a total of

- 131 proposals were retained for funding (20,6%)
- involving 177 (22,1%) successful applicants from Latvia and
- requesting EUR 16,81m (11,2%) of EC financial contribution

Among the EU-27*, Latvia (LV) ranks:

- 11th in terms of applicants success rate and
- 24th in terms of EC financial contribution success rate

Signed grant agreements

As of 2011/03/16, Latvia (LV) participates in

- 122 signed grant agreements
- involving 2.136 participants of which 165 (7,72%) are from Latvia
- benefiting from a total of EUR 471,83m of EC financial contribution of which EUR 15,19m (3,22%) is dedicated to participants from Latvia.

Among the EU-27* in all FP7 signed grant agreements, Latvia (LV) ranks:

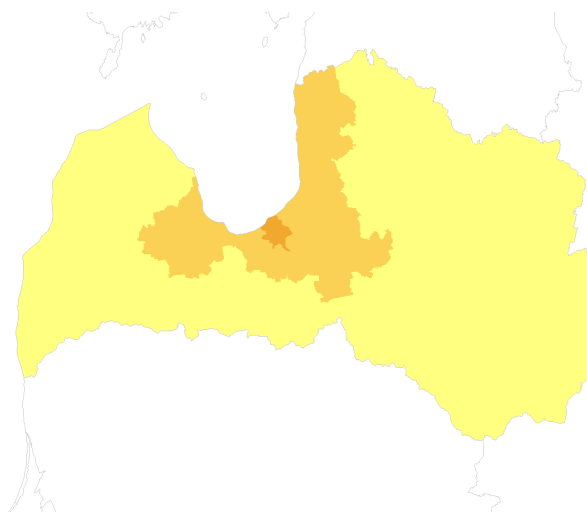
- 26th in number of participations and
- 27th in budget share

SME performance and participation

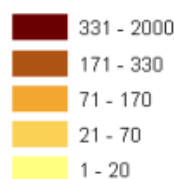
- The LV SME applicant success rate of 17,74% is lower than the EU-27* SME applicant success rate of 19,33%.
- The LV SME EC financial contribution success rate of 14,32% is lower than the corresponding EU-27* rate of 18,26%.

Specifically,

**Nr. of Researchers as % of population	N/A	0,40%
Rank in EU-27*		
Innovation scoreboard (2008)	- 26th	
- Below EU-27 average		
- Catching-up Country		
Nr. of FP7 applicants (% EU-27*)	800	
(0,30%)	266.507	
Req. EC contribution by FP7 applicants in EUR million (% EU-27*)	150,66	
(0,17%)	88.295	
Nr. of successful FP7 applicants (% EU-27*)	177	
(0,30%)	59.199	
Req. EC contribution by successful FP7 applicants in EUR million (% EU-27*)	16,81	
(0,09%)	18.262,02	
Success rate FP7 applicants	22,1%	21,6%
Success rate		
FP7 EC contribution	11,2%	20,7%
Nr. of FP7 grant holders (% EU-27*)	165	
(0,32%)	51.279	
EC contribution to FP7 grant holders in EUR million (% EU-27*)	15,19	
(0,09%)	16.578,15	
Nr. of FP7 coordinators (% of grant holders)	12	
(7,27%)	9.383	
(18,30%)		
Nr. of FP7 SME grant holders (% grant holders)	20	
(12,12%)	8.845	
(17,25%)		
EC contribution to FP7 SME grant holders in EUR million (% of grant holders)	3,11	
(20,44%)	2.207,73	
(13,32%)		



- 310 LV SME applicants requesting EUR 57,29m
- 55 (17,74%) successful SMEs requesting EUR 8,20m (14,32%)



In signed grant agreements, as of 2011/03/16,

- 20 LV SME grant holders, i.e., 12,12% of total LV participation
- EUR 3,11m, i.e., 20,44% of total LV budget share

Top 3 collaborative links with:

- UK - United Kingdom (157)
- DE - Germany (141)
- IT - Italy (136)

LV - Latvia - most active FP7 research priority areas by number of applicants applying for the research projects						
FP7 priority area	Nr. of applicants	Requested EC contribution by applicants (M euro)	Nr. of mainlisted applicants	Success Rate (applicants)	Requested EC contribution by mainlisted applicants (M euro)	Success Rate (requested EC contribution)
Research for the benefit of SMEs	140	18,88	17	12,14 %	1,96	10,40 %
Information and Communication Technologies	99	19,89	11	11,11 %	2,60	13,06 %
Marie-Curie Actions	98	n/a	48	48,98 %	n/a	n/a
Health	59	15,68	7	11,86 %	0,93	5,91 %
Socio-economic sciences and Humanities	57	7,33	7	12,28 %	0,51	6,97 %
Food, Agriculture and Fisheries, and Biotechnology	49	9,53	11	22,45 %	1,48	15,48 %

LV - Latvia - most active FP7 research priority areas by EC contribution granted to the research projects				
FP7 Priority Area	Number of grant holders	% of all LV grant holders	EC contribution (EUR million)	% of total EC contribution to LV
Research Potential	3	1,82%	2,17	14,29 %
Information and Communication Technologies	9	5,45%	1,63	10,75 %
Research Infrastructures	16	9,70%	1,60	10,55 %
Research for the benefit of SMEs	12	7,27%	1,59	10,45 %
Marie-Curie Actions	44	26,67%	1,48	9,77 %
Food, Agriculture and Fisheries, and Biotechnology	11	6,67%	1,44	9,47 %

LV - Latvia - participation in the FP7 research projects by organisation activity type									
Activity Type	Nr. of applicants	Requested EC contribution by applicants (M euro)	Nr. of mainlisted applicants	Success rate (applicants)	Requested EC contribution by mainlisted applicants (M euro)	Success rate (requested contribution)	Nr. of grant holders	EC contribution to grant holders	% of total EC contribution to grant holders
HES	312	49,38	76	24,36%	5,97	12,08%	71	6,65	43,79%
PRC	186	31,92	26	13,98%	3,19	10,00%	16	2,48	16,31%
REC	132	28,38	40	30,30%	3,91	13,79%	49	4,06	26,72%
OTH	76	12,47	12	15,79%	1,01	8,13%	6	0,78	5,13%
PUB	73	10,25	22	30,14%	2,59	25,27%	23	1,22	8,05%
SME	310	57,29	55	17,74%	8,20	14,32%	20	3,11	20,44%

HES - Higher or secondary education, PRC - Private for profit (excl. education), REC - Research organisations, OTH - Others, PUB - Public body (excl. research and education),

LV - Latvia - the most active NUTS3 regions, by EC contribution granted to the FP7 research projects				
LV - Latvia region	Number of grant holders	% of all LV - Latvia grant holders	EC contribution (M euro)	% of total EC contribution to LV
Riga (LV006)	90	54,55%	8,53	56,16%
Pieriga (LV007)	52	31,52%	4,99	32,82%
Latgale (LV005)	7	4,24%	0,04	0,23%
Kurzeme (LV003)	6	3,64%	0,24	1,59%
Zemgale (LV009)	5	3,03%	1,12	7,36%

LV - Latvia - most active organisations in terms of EC contribution granted to the FP7 research projects				
Legal Name	Number of Participations	% of all LV grant holders	EC contribution (M euro)	% of total EC contribution to LV grant holders
RIGAS TEHNISKA UNIVERSITATE (RTU)	17	10,30%	1,92	12,63%
LATVIJAS VALSTS KOKSNES KIMIJAS INSTITUTS (LSIWC)	7	4,24%	1,83	12,02%
LATVIJAS UNIVERSITATE (LU)	19	11,52%	1,73	11,38%
LATVIJAS LAUKSAIMNIECIBAS UNIVERSITATE (LLU)	5	3,03%	1,12	7,36%
TILDE SIA (TILDE)	3	1,82%	1,00	6,60%

NOTES:

Report generated on: 2011/03/28,10:45 AM

FP7 proposal and application figures are valid as of the 2011/03/16

FP7 grant agreements and participation figures are valid as of the 2011/03/16

*EU-27 includes the 27 country-members and JRC as a separate entity

**E-STAT Reference year: 2007

**European Innovation Scoreboard is available at the website of [DG Enterprise and Industry](#)