

# VIDZEME

## 1. Title of the practice. SIA VARIS TOYS –Best exporter of 2008.

### 2. Precise theme/issue tackled by the practice

In corporation with the Investment and Development Agency of Latvia (LIAA) The Ministry of Economics of the Republic of Latvia, had announced a competition for the entrepreneurs of Latvia “Export and innovations award 2008”, that was awarded for achievements in exporting and creating new, knowledge based products with high added value.

The patron of the award was the president of Latvia. In the first category “Best exporter” among the small, medium and large businesses the export indices (according to the presented documentation) were judged and the best 5 in each group made it to the second round. A committee of jury visited and interviewed the businesses who had made it into the second round and the 3 best in each group were nominated for awarding. SIA VARIS TOYS was awarded as the 2<sup>nd</sup> best in this category and received a diploma and a business trip for one person. This was the fourth year in a row when the competition was held. This year’s novelty was an opportunity for winners to use the “Export and innovations award” hallmark on their production and marketing materials. The information on all the participants was placed in the LIAA website along with the links to participant’s websites. This information was also published in the special export marketing reports.



### 3. Objectives of the practice

The objective of this award is to enhance the local and international competitive capacity of the businesses of Latvia, to improve the quantity and quality of export, the production of goods with high added value and to encourage innovation. This is ensured by evaluating the results of businesses and awarding the best participants and their products.

Participation in the competition noted the achievements of “SIA VARIS TOYS”, who exported 95% of its produce. The received business trip was used to travel to Japan. At the moment the entrepreneur is servicing only one client in Japan, but the well planned business trip could bring the appearance of multiple contracts thus the amount of export to Japan might increase significantly. The entrepreneur is mainly concentrating on the export markets, because the high quality production that it is can not be cheap. The purchasing capacity abroad is much higher when compared to Latvia, and the interest in ecologic toys made of natural materials is higher there too.

### 4. Location

The location of factory of the “Best exporter 2008” is Rencēni, Valmiera region, Vidzeme planning region. 10 employees are working in the factory. The marketing department is located in Riga, that is very

convenient for servicing the existing and the new clients. The competition took place in Riga. The participants all over Latvia could take part.

## **5. Detailed description of the practice**

### **- Origin**

VARIS Toys origins are connected with an enterprise „Saime” that was founded in 1988. In those years “Saime” worked with the production of different wooden products.

Since the year 2000 the entrepreneur has changed the name to VARIS Toys and started to produce wooden toys. All the products are sold under the brand VARIS and are in compliance with all the security regulations of Europe. VARIS constructor is an original product of the enterprise that consists of horizontal beams. It is based on patented Lock-system®, that permits to connect the details closely together in all kind of variations.

### **- Timescale**

The competition took place in 2008. It was announced on September 17, the applications were submitted until the 18 of September. The evaluation procedure of the first round took 3 weeks (September 18- October 8), then for 2 days (October 9- October 14) the results of the first round were summarized by the Investment and Development Agency of Latvia. The evaluation of the second round took 3 weeks (October 17- November 7) and after the summary of the results made by Investment and Development Agency of Latvia the results of the competition were announced on November 13 with the participation of the Ministry of Economics. The closing conference and awards of the laureates took place on November 20.

### **- Bodies involved / implementation**

The competition was organized by Ministry of Economics, Agency of Investments and Development of Latvia. In the category “The most export capable entrepreneur” where 13 applications were received in the group of small businesses. After evaluating the received applications among the 7 participants VARIS Toys SIA continued the competition and was transferred to the second round

After the evaluation in the second round the second place was awarded to SIA VARIS Toys.

### **- Process and detailed content of the practice**

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The patron of the award was the president of Latvia. In the first category “The most export capable entrepreneur” among the small, medium and large businesses the export indices (according to the presented documentation) were judged and the best 5 in each group made it to the second round. A committee of jury visited and interviewed the businesses who had made it into the second round and the 3 best in each group were nominated for awarding. SIA VARIS TOYS was awarded as the 2<sup>nd</sup> best in this category and received a diploma and a business trip for one person. This was the fourth year in a row when the competition was held. This year’s novelty was an opportunity for winners to use the “Export and innovations award” hallmark on their production and marketing materials. The information on all the participants was placed in the LIAA website along with the links to participant’s websites. This information was also published in the special export marketing reports.

### **- Legal framework**

„Export and innovations award” was organized by Ministry of Economics of Latvia. Every entrepreneur registered in Latvia who is exporting its production and/or has created an innovative product. The awards are presented after an open competition witch consists of 2 rounds of evaluation. The regulation of the competition was signed by the minister of Economics of Latvia, Mister K.Gerhards.

### **- Financial framework**

The winner of second place receives a business trip worth 1000 LVL for one person and an opportunity to participate in foreign business delegations alongside with the highest government officials on the trade missions organized by LIAA. Sponsor funds can be drawn in to finance the competition.

## **6. Evaluation.**

### **- Possible demonstrated results**

The winners of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> place are presented with a symbol of "Export and innovations award", which they can use on the same production that had been entered for the award. The symbol can also be used on the marketing line of this product.

### **- Possible success factors**

The enterprise is actively cooperating with Investment and Development Agency of Latvia. This cooperation is a good source of support on participation in expositions abroad and a chance to use the services of branches of the Agency abroad. For example the visit to Japan in the May 2009 will not be possible without the help of the branch of Investment and Development Agency of Latvia in Japan. VARIS Toys has received a lot of funds for participation in expositions applying to the projects announced by the Agency. Thus one of the possible success factors could be the active cooperation with Investment and Development Agency of Latvia and using of all the opportunities.

For the second key success factor the crash attention to the quality of each detail can be considered. The details of constructor are linked with a very specific patented way and any kind of inaccuracy spoils the construction. All the equipment of the manufactory are completed especially for this kind of producing. The high quality of the product is guaranteed, because of the fact that hand labour is used and each detail is attentively examined.

### **- Difficulties encountered**

The manufacture is situated in a country side, the number of well qualified labour in country side of Latvia decreases, that is why to recruit the loyal, faithful, motivated and qualified collective was quite difficult. The share of Latvia market where the enterprise positions is still small- 5%. The managers explain it with quite low purchasing power, small scale of Latvia market in general and quite reserved attitude towards the ecological products.

### **- Transferability of the practice to other regions**

SMEs of other regions have all the resources to launch the foreign market with the specific product of high quality. As well as the Development Agencies are required to organize different kind of competitions awarding export capable enterprises.

### **- Contribution to enhancement of CBC cooperation**

The enterprise has participated in following international exhibitions:

DEUTSCHER DESIGNPREIS HOLZSPIELZEUG 2004

SPIEL GUT

PREIS DER DEUTSCHEN WIRTSCHAFT IN LETTLAND IN DER SONDERKATEGORIE

"PRODUKTDESIGN"

Among the clients of the VARIS such popular organizations can be found as: UNICEF, RABO, ECOR, Natura Si, Wehrfritz, AHS Spielzeug, Nova Natural Toys.

Since the 2001 VARIS Toys has been participating in toys exhibition in Nurnberg, where the existed are strengthened as well as the new contacts are found. In 2004 the constructor of the enterprise took 3<sup>rd</sup> place in German Wood Toy Design Award.

### **- Adaptability for SME support**

VARIS Toys used the award for the business trip to Japan in order to have several meetings with potential cooperation partners. Without help of the branch of the Investment and Development Agency of Latvia in Japan the trip could not be so intensive and fruitful. At the same time the enterprise involved 70 000 EUR from the EU funds during 3 years (2006, 2007, 2008) for participation in 8 exhibitions.

2006 = 18000 (2 exhibitions in Germany, 1 in Switzerland)

2007 = 22000 (2 exhibitions in Germany, 1 in Switzerland)

2008 = 30000 (2 exhibitions)

## **7. Lessons learnt from the practice.**

The representatives of Latvian SMEs have a capacity to launch the foreign market. The specific product

that is produced in Latvia and demanded abroad is an ecological high quality article, made from natural raw materials with specific traditional features.

**8. Contact information.**

Ms. Aleksandra Jefimova

e-mail: [aleksandra.jefimova@vaa.lv](mailto:aleksandra.jefimova@vaa.lv)

**9. Other possible interesting information.**

[www.varis.lv](http://www.varis.lv)

**1. Title of the practice**

Fostering Business Development in Border Areas through Cooperation of Chambers of Commerce and Industry and Regional Development Agencies

**2. Precise theme/issue tackled by the practice**

Cross-border cooperation project within the framework of the INTERREG IIIA, Priority North. The practice improved the dynamics of cross-border business between border regions of Latvia (Vidzeme, Latgale), Estonia (Voru) and Russia (Pskov). Among the key issues that impede scaling up of economic cooperation of these regions are lack of knowledge of key aspects such as legislation and requirements for doing business in the neighbouring country, lack of partners and contacts, loose network of business support institutions (chambers of commerce and industry, information centres, regional development agencies), as well as little political recognition of and involvement in tackling the different obstacles and challenges that entrepreneurs willing to do business across the border have to face.

**3. Objectives of the practice**

The overall aim of the practice was to encourage economic integration of the regions on the border between EU and Russia through achieving the following specific objectives:

1. Strengthen the network among the business support institutions of Latvia, Estonia and Russia and increase their capacity in work with cross-border business promotion;
2. Promote the formation and development of contacts among the business communities of Pskov, Võru, Vidzeme and Latgale regions to encourage cooperation agreements and facilitate joint project and enterprise formation;
3. Foster understanding of importance of cross-border business promotion at the local and regional, national political level and ensure better political involvement in tackling the obstacles faced by business communities of Latvia, Russia and Estonia.

The project focused on the following business sectors:

- \* food processing industry;
- \* wood processing, and
- \* machine building.

**4. Location**

Project activities were implemented in 3 countries - Estonia, Latvia and Russia, concretely in Võru (Võru County), Daugavpils and Rēzekne (Latgale region), Valmiera, Cēsis and Madona (Vidzeme region) and Pskov (Pskov Oblastj).

**5. Detailed description of the practice.**

**- Origin**

The discussions on necessity of a project aimed at strengthening business support institutions and fostering contacts among entrepreneurs of Latvia, Estonia and Russia were started in June 2005 when directors of Vidzeme Development Agency and Latgale Regional Development Agency met to discuss areas where joint cross-border projects should be developed. Vidzeme Development Agency, as a Lead

Partner, over the summer continued discussion with representatives of Latvian Chamber of Trade and Industry - in August meetings with heads of Cesis, Valmiera and Rezekne branches were held discussing the project activities. The VDA as a Lead Partner undertook the main role in preparation of the application form, while other partners contributed by description of activities and preparation of individual budgets. All three involved countries had institutions that were working to support and consult businesses in starting activities across the border – the chambers of commerce and industry, regional development agencies and municipalities that were dedicated to invigorate the business environment in their community (further in the text referred to as 'business support institutions'). The success of their activities depended on having the right contacts and good cooperation with counterparts in the neighbouring countries, as well as sufficient knowledge and technical capacity to roll out their activities. Due to change in political powers both in Latvia and Russia, many contacts have been lost, which was a significant hindrance to effective cooperation. The third area where the project sought to intervene was the lack of political dialogue and support on the political level to address the obstacles to cross-border activities faced by business communities in all three countries.

**- Timescale**

The practice took place during the years 2006, 2007 for 18 months, the tactile results and impact followed.

**- Bodies involved / implementation**

Project was implemented by 8 partners from 3 countries-Latvia, Estonia and Russia. The partnership consisted of The Latvian and Pskov Chambers of Commerce and Industry, Latgale and Vidzeme Regional Development Agencies, Võru County Development Agency, Madona Business Innovation and Information Centre (formally represented by the Madona District Council, of which it is a part). Foundation "Vidzeme Development Agency" took the role of the Lead Partner. The partnership had been further complemented by the participation of local and regional authorities who play an important role in making the local business environment and policy making. This also provided a link between the activity and political levels, which was crucial for bringing more attention to the current difficulties facing cross-border business development.

**- Process and detailed content of the practice**

The implemented Cross-border cooperation project within the framework of the INTERREG IIIA, Priority North "Fostering Business Development in Border Areas through Cooperation of Chambers of Commerce and Industry and Regional Development Agencies" is presented as an example of the good practice. The composition of the partnership had been defined both by the role of the particular organisation in promotion of business development, as well as history of cooperation. The backbone of this partnership are the organisations that provide support services and consultations to businesses in scaling up their activities locally or doing business abroad - WP1, Management and Coordination was perfectly administered by Foundation.

Project activities have been planned and organised in a way that every workpackage (WP) addressed each of the specific objectives set out for the project.

WP2 "Networking and Capacity Building for Business Support Institutions" was concerned with strengthening the network and capacity of institutions like the regional development agencies, chambers of commerce, information centres so that they could improve and scale-up their activities aimed at fostering cross-border business. Most of the activities were based on seminars, meetings and visits.

WP3 "Networking and Capacity Building for Business Community" was directly involving the business communities of the border regions. It had two goals: helped entrepreneurs make contacts across the border and increased their knowledge of important aspects around doing business on the other side of the EU external border (legislation, start-up requirements, etc.). This had been achieved through international partner search forums / trade missions in every country and information seminars provided by the business support institutions (as a follow-up to their capacity building activities)

WP 4 "Awareness Raising of Politicians on Cross-Border Business" worked with the third target group of this project - the politicians. This WP was essentially structured around two networking / exchange of experience visits: Latvian and Estonian politicians visited Pskov, while Russian politicians embarked on a 5-day trip to Latvia and Estonia. During the second visit, cooperation agreements on working with

promotion of cross-border business was signed

To ensure durability of the established network, the business support institutions agreed on an action plan for the next 5 years on what common activities and project they will design and implement, also looking at the financing that would be available from the Structural Funds during the next reporting period.

Project activities have the following OUTPUTS: hosted 2 study visits of Russian business support institutions, 22 persons representing Estonian and Latvian partners have participated in 2 study visits to Pskov Oblastj, joint 5-year action plan with Russian partners on promotion of cross-border business, at least 50 Latvian entrepreneurs have participated in trade missions to Russia as well as locally in trade missions of Russian entrepreneurs to Latvia and Estonia, at least 100 entrepreneurs in each country have been trained on Russian business legislation and requirements, 45 Latvian and Estonian politicians have participated in exchange visit to Russia, two visits of Russian politicians hosted in Estonia and Latvia.

RESULTS include: Improved capacity of business support institutions to provide consultations to entrepreneurs willing to start a business in Russia; new contacts between Russian and Estonian and Latvian business communities, new joint projects and enterprises.

IMPACT: increased economic activity in Latvian and Estonian border region and economic integration with the Pskov regions in Russia.

#### **- Legal framework**

This project is essentially aimed at supporting sustainable development by invigorating economic activity in less favourable areas such as border regions, those on the outside of EU external border in particular.

Strengthened business community and support to new business opportunities in neighbouring regions will help to increase the economic potential of the regions and in the future create new workplaces. This will also have a positive impact on the local community and quality of life.

Furthermore, where applicable environmentally friendly methods of doing business within the particular sector will be advocated although this project, as mentioned above, is environmentally neutral.

#### **- Financial framework**

The project was financed by ERDF and TAXIS parts. Total budget amount was 395 969,00 EUR.

## **6. Evaluation**

### **- Possible demonstrated results**

The established Business Information Centre as a part of Pskov Chamber of Commerce and Industry and as a part of the Chamber's strategy to devote special efforts and resources to promotion of business with EU. The Information centre's activities were kicked-off with providing information about Latvia and Estonia and basing on this experience further developed to cover other EU countries. The brochures are available at the Information centre and also distributed by the Pskov Chamber of Commerce.

The practice has such demonstrated results as: improved capacity of business support institutions to provide consultations to entrepreneurs willing to start a business in Russia; new contacts between Russian and Estonian and Latvian business communities, new joint projects and enterprises.

hosted 2 study visits of Latvian and Estonian business support institutions, 20 persons representing Russian partners have participated in 2 study visits in Latvia and Estonia, established and equipped Business Information Centre and created website providing information about doing business in EU, joint 5-year action plan with EU partners on promotion of cross-border business, at least 50 Russian entrepreneurs have participated in trade missions to Latvia and Estonia, at least 100 entrepreneurs have been trained on EU business legislation and requirements, 30 politicians have participated in exchange visit to Latvia and Estonia, one visit of Latvian and Estonian politicians hosted in Pskov

### **- Possible success factors**

Considering that promotion of economic development is the core goal of all involved organisations, either particularly or among other through support to business activities locally or across borders, this project represented an invaluable opportunity to strengthen and extend the network and personal contacts among the partner organisations. Often decisions can take long time due to extensive red tape or impeded cooperation can result from lack of trust, therefore personal contacts and previous experience of working together can help the involved organisations to function more effectively in both delivering assistance to the

business community, as well as working on longer term impacts such as changes in legislation or developing new tools and approaches through joint projects such as this one.

**- Difficulties encountered**

Some of the key issues that impeded cross-border business cooperation are lack of knowledge of local situation and legal requirements and lack of network and partners in the target market. Russian entrepreneurs have little or no knowledge how to start and run a business in the EU, i.e. what is the local legislation, what are the requirements, etc. Similarly, entrepreneurs from Latvia and Estonia are hesitant to enter the Russian market due to complex and bureaucratic system and unstable business environment.

**- Transferability of the practice to other regions**

The network with counterparts in Russia were important for business support institutions as a tool of everyday work therefore the durability of this network was inbuilt. Nevertheless, the 5-year action plan on follow-up activities included specific steps on further joint activities and projects. Other regions could implement the similar projects, activities fostering cross-border cooperation in general, as well as to use the positive experience with collaboration concretely with Russia.

**- Contribution to enhancement of CBC cooperation**

In achieving a better integration of business communities, cross-border cooperation plays a central role: it is crucial for bringing together entrepreneurs from the different countries; strengthening the cross-border network of supporting agencies such as the chambers of commerce and regional development agencies as a platform for planning and execution of common business promotion activities and exchange of best practices; and bringing the politicians from different countries together at the same table to discuss the importance of cross-border business to the development of border regions and the problems that hinder such activities.

**- Adaptability for SME support**

The project was targeted to encouragement of economic integration of the regions on the border between EU and Russia. At least 50 Russian entrepreneurs have participated in trade missions to Latvia and Estonia, at least 100 entrepreneurs have been trained on EU business legislation and requirements, new contacts between Russian and Estonian and Latvian business communities, new joint projects and enterprises were established, specific web sites on SMEs were created in Russia for Pskov Oblastj.

**7. Lessons learnt from the practice.** An active dialogue, as well as well considered joint business fostering activities in 3 main areas could essentially improve the business environment in border regions.

**8. Contact information.**

Foundation "Vidzeme Development Agency"  
Darza street 12, Priekuli,  
Latvia, LV 4126,  
Phone number 0037167852933  
Fax number 0037167852932  
Ms. Aleksandra Jefimova  
e-mail [aleksandra.jefimova@vaa.lv](mailto:aleksandra.jefimova@vaa.lv)

**9. Other possible interesting information.**

[www.vidzemes-regions.lv](http://www.vidzemes-regions.lv); [www.bic-pskov.ru](http://www.bic-pskov.ru); [www.mppskov.ru](http://www.mppskov.ru)

**1. Title of the practice.** Manor of Vecgulbene complex creation and evolution

**2. Precise theme/issue tackled by the practice.** Manor of Vecgulbene complex formed as a fortified medieval castle nearby. Up to the present day remained Manor building, which brought 19.-20.gs. when the manor was in Baron G, Wolff estate. The manor complex includes two castles - the 19th century 40.gados Roman-style villas built in later years and on several occasions in a White Castle and the 19th

century Gothic Revival style of the second half brought the Red Castle. Both castles burned 1905 rebellions, but later partly restored. White Castle has seen the destruction of the Second world during the war. After the war it was designed apartments, but negligent in attention, and any exploitation of the proprietor, it was literally destroyed and abandoned.

Hotels Manor of Vecgulbenes owner aims to restore the historic heritage, preserve its value and architectural monuments, and renovated what the last hundred years has been destroyed.

### **3. Objectives of the practice.**

Estate owner aims to restore the historic heritage, which has been destroyed. Currently with the business support place is opened for guests of Manor of Vecgulbene package, but will continue to work at another renovated building - " White Castle. It is planned to get additional restoration of the European Structural Funds co-financing. Similarly, at the draft level, is the home garden, rotunda, observation tower, house hunting, and gardening reconstruction. Another restoration hope is a wooden bridge, which has historically been the longest pedestrian bridge in Baltics (approximately 110 m long). The Business Plans include the tourist information center in the White House. Presently in building is currently located Gulbenes greenhouses and Art Museum. Manor of Vecgulbene is involved in cross-border cooperation with partners for the development of tourism in the Vidzeme region, attraction of interested people from neighboring countries (such as Estonia, Russia, Belarus, and Europe). Thus, promoting the growth of Celebrity estates, and increase of tourist numbers in the Vidzeme region.

For the Manor development of Vecgulbene is necessary, initially, not only for restoration the devastated post-war years, but also for following services:

- A hotel with 26 beds;
- Hostel to 90 pers.
- Conference hall with 400 seats and all the necessary, advanced technical equipment;
- Hall rental for different activities;
- Café 50 seats, bar;
- SPA with a Turkish bath, sauna, Jacuzzi, solarium and massage.

By contrast with the two Creamery DBL rooms and rest rooms are suitable for family recreation or a small group of friends. One of the owners - Mr Pitura acknowledged that the neighborhood has so far biggest investments in this type of facility invested by first time. The owners intend to offer a wide range of possibilities of outdoor events. For this has already purchased two large tents, outdoor stage base, the lighting and sound equipment. Hectares of land around the complex area spreaded by stone. Currently in Gulbene can accommodate about 60 guests, with new hotels opening this figure will be double.

**4. Location.** The project is realized in Gulbene – Brivibas Street 18, Gulbene, Latvia, LV-4401, Vidzeme region.

### **5. Detailed description of the practice.**

#### **- Origin**

White Castle in the past was one of the greatest palaces of Latvia. Castle history of Baron von Wolff and Baron von Zeppelin families. Up to the present day, images of 19<sup>th</sup> century survived: Gulbenes palace complex, which appears barocal building with finely-designed components. Middle part of a building built in two level with a broad terrace to the park, which was designed with ramps to the pond. Till present moment remained separate metal Pergola and grotas, that remind a historic castle strength and luxury.

Gulbenes mayor Nikolai Stepanovs emphasizes that the greatest extent in the municipality is because of the decision in 2005. The restoration was entrusted directly Valmieras entrepreneurs because of their activism and will to make city attractive to tourists. Stepanovs advised to make a restoration of the complex, even during years of the eighties produced Manor restoration project, but hadn't materialized. Complex co-owner, said, that the main aim of the course work is to reconstruct what was destroyed by past 100 years.

#### **- Timescale**

Vecgulbenes Manor renovation works were started in 2005. when Municipal Manor was sold to Valmieras businessman with price about 45 000. 2008 15. the renewed manor complex of buildings it was solemnly opened -, but work is still going to restore all of manor complex.

**- Bodies involved / implementation**

Owners of the project has attracted European Union funds to develop the application for the Rural Support Service Program - "The rural heritage". It was prepared, presented and implemented in a project of Latvian Investment Development Agency, (the program "Support for investments in micro and small entrepreneurs' development in territories requiring special assistance."). Business is attracted finances from the European Regional Development Fund and the national budget was pegged to the credit of the State joint stock company "Latvian Mortgage and Land Bank".

Successful cooperation was created by Gulbenes local governments, where a large response was received from Mr. Nichola Stepanov.

To promote the services offered by manor, there are regularly undertaken the delegations from abroad - Russia, Belarus and other European countries to enter into cooperative agreements. Such visits as a result has concluded cooperation agreements with Republic Belarus tourism companies (Belintourist, Latinserviss, vesmír etc.), the Russian Federation tourist company (Lensey, Natalitour, Žarkovtour, Pribaltika, labirinth).

Visits are reflected in the neighboring countries tourist magazines and newspapers, and thus promoting manors tourism opportunities.

**- Process and detailed content of the practice**

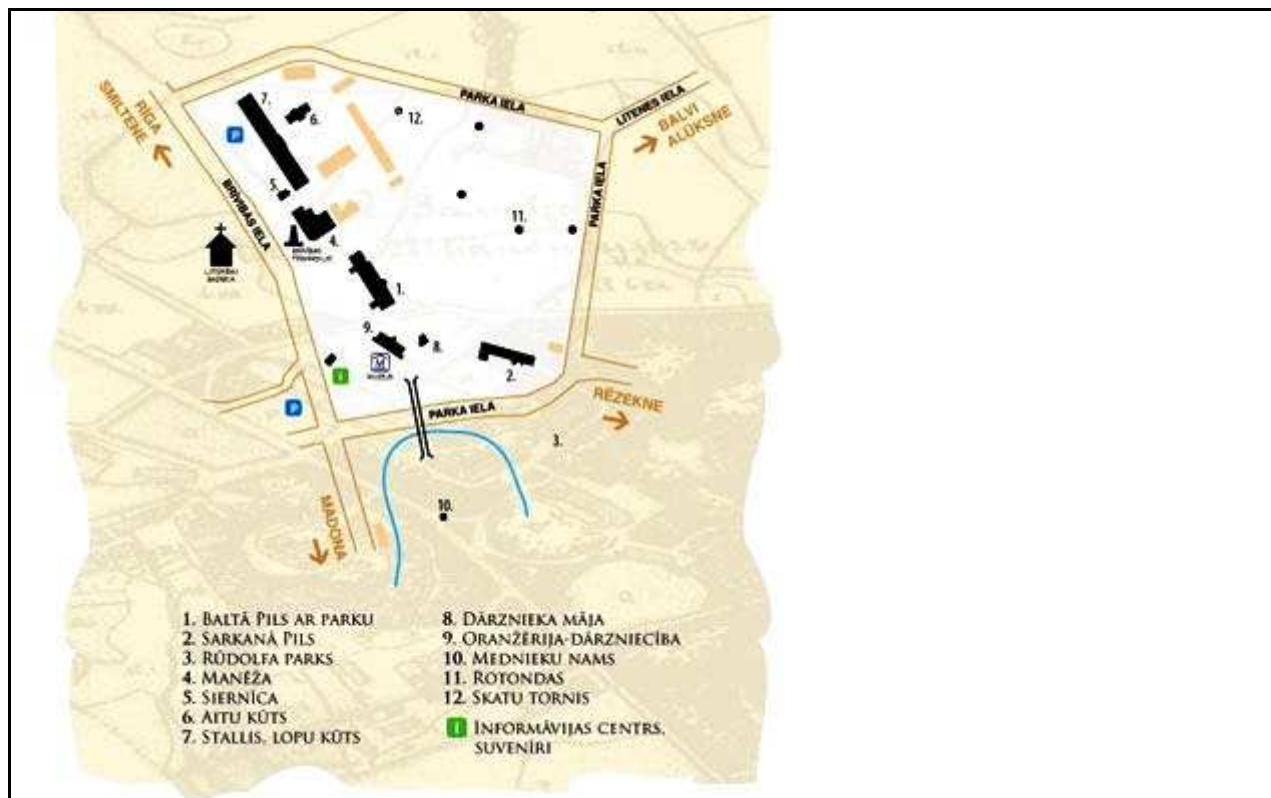
Estates complex still is under reconstruction and restoration. Already, not only Manege and Creamery building are restored, there are new lighting installation in the park, driveways and walkways built.

There are located hotel with 13 guest rooms and 10 hostel rooms (but generally there is possible to feed around 120 people), café, conference hall for 400 persons, house for 40 persons and SPA center (with sauna, steam bath, Jacuzzi and solarium).

Guests can pamperthemselves with the different types of massage, facial procedures, wraps, peeling. There are additional romantic SPA rituals offers for pairs. In hotel reception there is an opportunity to buy fresh cut flowers, beautiful bouquet and flowers in pots. Apartment house is suitable for family recreation or for small companies.

Business owners consider that this year customers will be interested by offering more qualitative services, exploring their expectations, finding new market opportunities. In 2008, Vecgulbenes manor complex visited around 5000 tourists.

Attending the hotel "Vecgulbenes manor", guests get the opportunity to enjoy all the services offered. Such visits are a result of the of cooperation agreements conclusions



### **- Legal framework**

Procedure prescribed by law of manor hotel successfully passed the certification and has gained the status of four star hotels. Latvia currently has 12 such hotels. After certification Vecgulbenes Manor Hotel became the association's member. Certification of a uniform standard meets the national solution. By participating in design contests, our manor specialists were operating in a legal framework, developed by the institution administering the Structural Funds.

### **-Financial framework**

Vecgulbenes Manor renovations are activated since 2005. In Creamery and the Manege building renovation were invested approximately 1.5 million lats and. Overall, investors have already invested in a complex manor more than 3 million, with 1.4 million businesses acquired by the European Regional Development Fund and the state budget, but 1.7 million , were taken as a credit from VAS "Latvian Mortgage and Land Bank". All buildings are fitted with communications and heating systems, drives are cobbled and lighting up the park area, in particular, has outlined a package of dark nights with ancient aura. Approximately 1.18 million lats, invested in communications, access, and the castle park lighting design, 1 million lats spent for build This is one of the rare examples where, after the local business initiatives, was restored one of the biggest estates. Since 2005 on in the manors part owned by businessmen bought Valmieras Jurgis Abele and Elmar Pitura, actively are going restoration works. Manege and Creamery are first fully restored manor house buildings,.

In April 2009 was completed in the European Union's Structural Fund co-financed projects „Theater building” exercise. The project was carried out the motion picture projection equipment; Result of the foundation is the creation of our manor cinema complex. The project implemented in cooperation with the Latvian Investment and Development Agency (LIDA) supports the program "Support for investments in micro and small entrepreneurs' development in territories requiring special assistance" with the European Regional Development Fund (ERDF) co-financing.

## **6. Evaluation.**

### **- Possible demonstrated results**

The total area of Vecgulbenes manor complex is more than 14 hectares and includes 12 objects. (with current Vecgulbenes building of 19. Century).

The manor house located in greenhouses of Gulbenes History and Art Museum. City Council in conjunction with the museum directors have discussions about the possibility to move the museum to the Red Castle. Consequently, the greenhouses would restore the historical heritage of building and its role. Currently Gulbene can feed about 60 guests, with new hotel opening this figure will be doubled, which is a significant contribution to tourism development in the region.

Estates complex restoration is proof of a successful connection of state, city and the business interests.

Last year, our manor gained the prize of the Ministry of Economic Affairs. Vecgulbenes manor is the best business tourism product that opens up opportunities through the National Tourism Development Agency

### **- Possible success factors**

An important success factor is to acknowledge the support received from the municipality, which was entirely the business side, the aim was to rebuild destroyed the manor and to establish it as a successful tourist sample not only the region but throughout the country as a whole.

Concluded cooperation agreements promotes the visibility of the manor outside the borders of Latvia, which gives a positive contribution to regional tourism development. Plays a significant role in driving the project is the involvement of business knowledge in business, the historical facts and purposeful desire to restore the historical evidence.

### **- Difficulties encountered**

In most feasible project is a critical factor in the funds, which poses the greatest difficulty attracting. Banks distrust and a reluctance to crediting the contested areas, hampering the essential and important state projects. It is also necessary for greater public support for businesses - especially in areas with low development index.

Latvia have a European Union Structural Funds Program "Support for investments in micro and small merchants in particular the development of the assisted areas", which highlights the following areas to increase competitiveness. However, the amounts funded and supported the overall intensity of the background is negligible. Consequently, government institutions, should develop positive policies supporting the development of SMEs, especially in underdeveloped regions

### **- Transferability of the practice to other regions**

Vecgulbenes manor is regularly held in various foreign delegation visits in the framework of which representatives from different institutions are familiar with Vecgulbenes manor offers and opportunities. Vecgulbenes manor complex of the opening event was the visit comes the President of the Republic of Latvia Valdis Zatlers, to emphasize the model example of successful cooperation between business, state and city.

The successful cooperation, which is created and developed by foreign countries as a basis for industry development of the region even further.

Renewed Manor is a good practice example to other Latvian government, which owns the former manor houses, which over the years has greatly lowered. To preserve the historical heritage, they will have the opportunity to build an equally successful model of cooperation between governments and businesses as Gulbene to promote tourism development and the potential for successful exploitation.

### **- Contribution to enhancement of CBC cooperation**

At the invitation of Vecgulbenes manors owner Gulbene visited 28 travel agencies and media representatives from Pskov and St. Petersburg (Russia). Guests had possibility to feel Vecgulbenes manor comfort and hospitality, visit the city, as well as to participate in Old tram festival. During this stays, Russian representatives have meetings with latvian e tourism representatives and local professionals from Gulbenes. Meeting target was to find out who from Russian might be interested in Vidzeme tourism

opportunities. Economic assistant to the Minister- Roman Naudiņš told guests that the business and tourism district Gulbenes rapidly evolving: "Gulbene located convenient to the road that connects Russia with the most popular tourist destinations of Riga and Jurmala. The Pskov region has already developed strong economic ties and is expected that tourism cooperation will be growing. Russian tourist market is one of the most important for Latvia, so finally last year the number of tourists from the neighboring countries grew by almost 30%. " Pskov stress that tourists from Russia will be happy to visit Gulbene and hope that the Vidzeme region's population will be glad to visit Pskov region " .

In today's fast-paced technological and communication development, cross-border cooperation plays an important role in business development. Building of a successful cooperation with Russia, Belarus and other Vidzeme region adjacent countries, is manor opportunity to attract foreign tourists, and essential medium-income estates services.

**- Adaptability for SME support**

Project co-operation model: the municipality is attracting businesses, the city s developing the surrounding regions, and important project as a good practiced for other municipalities for promotion regional operators interests.

As a result of statistical data assessment, followed the conclusion that because of cooperation agreement, tourism rate in the region has grown at least twice. This is a positive indicator of the region's economic development.

More important is the public support to SME development and a good examples of how to use structural funds programs, which guaranteed support for the low development indexes regions. The project still is under development, for the finalizing of a full renovation of the complex.

**7. Lessons learnt from the practice.**

Latvia is still under development in the legislative framework governing the private and public partnerships and the promotion of development. Implementation of these projects can be seen that these successful examples are needed to ensure equitable regional development. Renovation of Vecgulbenes manor, demonstrated that the case or the work that is not time and money due to lack of local government to realize - life can be introduced by traders. These projects are viable and necessary. Besides being promoted in cooperation with its immediate neighbors, which are essential for SMEs.

**8. Contact information.**

**Adress**

Brivibas street 12, Gulbene, Latvia, zip-code: LV-4401

**Phone numbers**

+37129205169 (Janis).

+371 26311244 (Liene - manager of hotel).

+371 4474800 (Administration of hotel).

**E-mails**

baltapils@baltapils.lv

**9. Other possible interesting information.**

Given the fact that "Manor of Vecgulbene" fairly new and ambitious product, it offers good opportunities for practical training to work in the field of tourism.

[www.baltapils.lv](http://www.baltapils.lv)