



INNOVASPA project

Innovative health solutions for thermal spa regions

ACTION PLAN

**UNIVERSITY OF LATVIA
RIGA, 2021**



**UNIVERSITY
OF LATVIA**

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PART I – GENERAL INFORMATION

Project: INNOVASPA, Innovative health solutions for thermal spa regions

Partner organisation: University of Latvia

Other partner organisations involved (if relevant): Not applicable

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NUTS2 region: Latvia

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1. Terminology used in the InnovaSPA project

The terminology used in the InnovaSPA project differs, because of specifics of its partner regions. Partners are particularly focusing on the use of natural resources, especially thermal resources, in medicine and cosmetology. Therefore, a common understanding of **spa** corresponds to the definition provided by the online medical dictionary: spa is a health resort, especially one where there are one or more mineral springs with waters that possess therapeutic properties.¹

A **medical spa** is a facility that operates under the full-time, on-site supervision of a licensed health care professional. The facility operates within the scope of practice of its staff, and offers traditional, complementary, and alternative health practices and treatments in a spa like setting. Practitioners working within a medical spa will be governed by their appropriate licensing board, if licensure is required.²

Health spa has a broader meaning than a medical spa: a town or village that is a spa or a facility within a hotel that offers various kinds of health treatment.³

In the former Soviet Union **health resorts** were understood as localities possessing natural curative agents (mineral waters, therapeutic muds, beneficial climate, sea bathing) and the necessary conditions for using these agents for therapeutic and prophylactic purposes. The principal type of treatment establishment on the territory of a health resort is the **sanatorium**.⁴ This term is already outdated in many places, however, still used in Russia, a few of post-Soviet republics, as well as sometimes in Latvia.

¹ <https://medical-dictionary.thefreedictionary.com/spa>

² The Int'l Med. Spa Assoc., Medical Spa Definitions and Guidelines, available at <http://www.medicalspaa ssociation.org/guidelines.htm>

³ <https://www.collinsdictionary.com/dictionary/english/health-spa>

⁴ <https://encyclopedia2.thefreedictionary.com/Health+Resorts>

According to the medical dictionary the **rehabilitation** is a treatment or treatments designed to facilitate the process of recovery from injury, illness or disease to as normal a condition as possible. Rehabilitation services are provided in a variety of settings including clinical and office practices, hospitals, skilled-care nursing homes, sports medicine clinics, and some health maintenance organizations.⁵

According to the Tourism Law of Latvia, **natural curative resources** are mineral waters, thermal waters, surface waters, curative mud, clay, sand, forests, parks, climate and other natural resources, which, based on their properties proved by scientific research and practice, are used for improvement of the general condition and well-being of the body, as well as for prophylaxis, medical treatment and rehabilitation. **Health tourism** is a type of tourism the objective of which is improvement of the general condition and well-being of the body, prophylaxis, medical treatment and rehabilitation, also including the use of natural curative resources. Health tourism services in Latvia are provided by health establishments, hospitals, which include rehabilitation centres, resort hotels, rehabilitation centres and others.

According to the Tourism Law⁶ of Latvia a **medical treatment institution of a resort** is a medical treatment institution in which prophylaxis, medical treatment and rehabilitation are performed, using natural curative resources.

Taking into account differences in terminology, the term **health resort** that combines all – improvement of the general condition and well-being of the body, prophylaxis, medical treatment and rehabilitation, using also natural curative resources, will be further used throughout the text.

The largest and the most advanced health resorts in Latvia based on natural curative resources are the Jaunkemeri Resort Rehabilitation Centre and the Vaivari National Rehabilitation Centre, where the most of medical treatments are available for patients' rehabilitation after various illnesses, disabled people, as well as for prophylactic purposes.

2. State policy and legislation related to development of health resorts in Latvia

In Latvia, the inpatient rehabilitation is provided at the National Rehabilitation Centre and at several multi-profile hospitals. Also, individual specialists provide ambulatory rehabilitation. They can be physical medicine and rehabilitation specialists, physical medicine physicians, rehabilitologists or functional specialists, who have to ensure that care is coordinated with other health professionals and medical support persons. Additionally, rehabilitation services are delivered in day-hospital settings. Inpatient rehabilitation consists of a range of services given by multidisciplinary rehabilitation teams (multi-professional rehabilitation). The National Health Service (NHS) pays for rehabilitation services if patients have a referral from an appropriate specialist, who also has to develop a medical rehabilitation plan, including the aims, technologies and conditions of completion of rehabilitation.⁷

⁵ <https://medical-dictionary.thefreedictionary.com/Rehabilitation+center>

⁶ <https://www.em.gov.lv/en/legislation>

⁷ Giada Scarpetti (Ed.), 2019, *Health System in Transition. Latvia Health System Review 2019*, European Observatory of Health Systems and Policies, WHO Regional Office for Europe, Denmark, pp.113-114, retrieved from: <https://apps.who.int/iris/bitstream/handle/10665/331419/HiT-21-4-2019-eng.pdf>

Thus, rehabilitation services financed by the NHS aren't available for purposes of preventive care.

Since April 2019, a strategic purchasing was implemented, and acute rehabilitation services are provided by selected institutions. The provision of services is based on issuing quotas for different target groups, as well as providers of rehabilitation services.⁸ Only few private providers of rehabilitation services can receive quotas and NHS financed services, while most of health resorts can only offer rehabilitation services on commercial basis. At the same time, the demand for NHS financed services, as well as willingness of people to explore rehabilitation services for preventive care purposes exceeds the supply. Private health providers' services are quite costly and only a small part of Latvian population can afford them. Therefore, health resorts and rehabilitation centres offer their services internationally, which is currently the only way to increase profits and boost their competitiveness.

The increasing importance of the rehabilitation is acknowledged by the National Development Plan for Latvia 2021-2027, which underlines the importance of healthy people for the national economy. The Plan states that resources will be focused on reducing premature mortality, ill health or disability that leads to early retirement, as well as on strengthening psychological and emotional well-being. Furthermore, the population ageing, especially in the regions of Latgale and Vidzeme, presents new challenges for social inclusion and the national health system. For creating the foundation for development of a productive silver economy it should be ensured that seniors participate in the labour market in a way that promotes balance between work, household duties, care for family members, participation in community life, volunteering, hobbies, physical activity, ensuring good nutrition and healthcare habits.

Therefore, Latvia must review all policies that directly or indirectly affect seniors in the context of active ageing. This should be taken into account that one of the best ways to improve public health, including the health of seniors, is to promote healthy lifestyles and increase people's lifespan by promoting health prevention measures and their accessibility for wider population. One of the measures to improve treatment quality and results mentioned in the Plan is to ensure access to effective rehabilitation⁹, which should take place regularly. However, the National Development Plan 2021-2027, as well as other policy documents of Latvia, target the provision of rehabilitation services, but not the development of health resorts or rehabilitation centres as such. This is a reason of degradation of former state-owned rehabilitation centres, of which only one state-owned rehabilitation centre – the National Rehabilitation Centre in Vaivari currently provides a wide spectrum of high-quality health services and is considered as internationally competitive.

The above analysis identifies a gap between the necessity to provide rehabilitation services locally within an existing infrastructure and financing availability for developing existing and building new health resorts. The state funding supports only a part of services according to quota principle and invests funding only in state owned health establishments. Private rehabilitation centres have only their own limited financial sources. For example, there aren't any EU funding opportunities for large private medical rehabilitation centres, such as Jaunkemeri Resort Rehabilitation Centre, and health spas, because the EU Structural funds under the Operational Programs have been available for SMEs only. Unavailability of funding for developing of health resorts is the main reason, why they are lagging behind those of neighbouring countries of Lithuania and Estonia.

⁸ Giada Scarpetti (Ed.), 2019, *Health System in Transition. Latvia Health System Review 2019*, European Observatory of Health Systems and Policies, WHO Regional Office for Europe, Denmark, pp.114, retrieved from: <https://apps.who.int/iris/bitstream/handle/10665/331419/HiT-21-4-2019-eng.pdf>

⁹ National Development Plan of Latvia 2021-2027, pp.13-15

The development of health tourism and creation of the Latvian Health Tourism Cluster (LHTC) on the basis of the Latvian Resorts' Association (LRA) in 2012 has helped to unite responsible state institutions and private stakeholders and to bring attention to existing problems, which require development of an appropriate policy framework, cooperation and coordination between responsible state institutions, as well as initiate further actions that could provide adequate solutions.

Taking into account the existing situation in Latvia with respect to development of health resorts and rehabilitation centres in the context of the InnovaSPA Action Plan, will be further considered from the perspective of health tourism.

According to the Tourism Law, the **resort** is a territory which has been granted the status of a resort in accordance with the procedures specified in the Tourism Law and which conforms to all of the following conditions:

- a) natural curative resources are available therein;
- b) at least one medical treatment institution of a resort is operating therein;
- c) natural curative resources are used in order to ensure the operation of the medical treatment institution of a resort located in the relevant territory;
- d) the environmental quality indicators conform to the requirements specified in laws and regulations;
- e) an appropriate tourism infrastructure has been established therein;
- f) the development thereof is planned purposefully.

The status of a resort shall be granted to the relevant territory and cancelled by the Cabinet of Ministers of the Republic of Latvia. Moreover, the Cabinet of Ministers shall decide on granting the status of a resort to the relevant territory (could be part of administrative territory) on the basis of an application of the local government submitted in accordance with the procedures stipulated by the Cabinet of Ministers.

Currently health resorts and their activities are regulated by the Tourism Law and are under the responsibility of the Ministry of Economics. However, medical rehabilitation is financed by the state and is under the responsibility of the Ministry of Health. As a result, the priority of providing funding and quotas for ensuring medical rehabilitation services is given to state owned establishments and medical rehabilitation centres, while availability of state funding, quotas and other support measures for private health establishments and medical rehabilitation centres is quite limited. Such situation creates an unfair competition between state owned and private providers of services, and doesn't facilitate the development of existing new health resorts.

The Tourism Law defines that the legal policy in the field of resort treatment in Latvia ensures the rational use and protection of tourism resources. Because of its cross-cutting nature and non-existence of a separate tourism Ministry, the Ministry of Economics is the leading institution for the tourism policy development and implementation. The main tasks of the Ministry of Economics in the field of tourism are as follows:

- a) to initiate a tourism development policy and to organise and co-ordinate the implementation thereof;
 - b) to draft legislation: laws and regulations;
 - c) to represent the State's interests in the tourism industry;
 - d) to plan State aid to the tourism industry;
-

- e) to prepare and implement international agreements regarding co-operation in the field of tourism, as well as to co-ordinate the development of international projects;
- f) to ensure the process of granting and cancellation of the status of a resort.

In 2016 the Marketing tourism board (responsible for tourism implementation) of Latvia (the Latvian Tourism Development Agency) was merged with the Investment and Development Agency of Latvia, which is supervised by the Ministry of Economics of Latvia. The Ministry and Agency co-operate actively with the regions of Latvia via four regional tourism associations and five planning regions (public derived person). Within this framework the co-operation with local municipalities and tourism information centres is also possible. The Ministry also co-operates with sectoral associations on issues related to specific topics such as accommodation or the activities of travel agencies. Coordination over nationally relevant issues regarding tourism was undertaken by the Tourism Committee of the National Economy Council, which includes representatives of the tourism associations, regional associations, LHTC and other bodies. From the beginning of the year 2021 renewed operation of Latvian Tourism Advisory council bringing together the non-governmental sector of tourism and the public (state institutions/ministries).

The Ministry of Economics developed the Tourism Development Guidelines for 2014-20¹⁰ which is the principal policy document. It defines the overall goal of Latvian tourism policy to ensure the sustainable growth of the sector by facilitating competitiveness of tourism services in export markets. The Government's policy aims to increase the competitiveness of Latvian tourism businesses, meet the criteria of sustainable tourism development, encourage international competitiveness, reduce seasonal imbalances and extend the average length of stay.¹¹ These Guidelines define the health or medical tourism as one of its sustainable tourism development priorities and underlines the importance of promoting export of health services, as well as their internal consumption.

Alongside the guidelines, the Investment and Development Agency of Latvia developed its Tourism Marketing Strategy 2018-23 which also addresses future tourism challenges, such as improving the image of Latvia, sustainable tourism development, and investing wisely. This Strategy targets the tourism seasonality, which affects tourism business performance, especially in the accommodation sector. The average occupancy rate in the low season drops to as little as 30%, whilst in the high season it can average between 60 and 80%. Thus, Latvia has set MICE¹² and wellness/health tourism markets as key priorities in order to build activity in shoulder and winter months and minimise the effects of seasonality.

On 11 February 2021, the Cabinet of Ministers of Latvia approved the National Industrial Policy Guidelines, 2021-2027, which, under particular circumstances related to current challenges presented by the COVID-19 pandemic crisis, define a primary necessity to stabilise the Latvia's economy while maintaining the strategic accelerated productivity-based economic restructuring. These Guidelines include key development directions for the tourism sector, emphasising the necessity to strengthen the export capacity of the Latvian tourism industry, as well as a necessity to create new tourism products with high added value to boost Latvia's international competitiveness, which includes the restoration of existing health tourism facilities, such as resort regional rehabilitation centres, thereby, stimulating

¹⁰ Latvijas Republikas Ministru Kabineta 2014. gada 3. jūlija rīkojums Nr. 326 "Par Latvijas tūrisma attīstības pamatnostādņem 2014.-2020. gadam": <https://likumi.lv/ta/id/267332-par-latvijas-turisma-attistibas-pamatnostadnem-2014-2020-gadam>

¹¹ OECD, 2020, OECD Tourism Trends and Policies. Latvia, OECD: Paris, retrieved from: <https://www.oecd-ilibrary.org/sites/6eed417e-en/index.html?itemId=/content/component/6eed417e-en#chapter-d1e62703>

¹² Meetings, incentives, conferences & exhibitions

sustainable development of regional economies, provision of health services, as well as balancing out the seasonality of regional tourism activities by offering health tourism.

The Latvian Tourism Development Plan 2021-2027¹³ has a multifunctional role to play in view of the inter-sectoral nature of the tourism sector, since the implementation of its' activities requires an active involvement of other related institutions. This Plan defines health tourism as the priority of tourism development in Latvia for the next EU Structural Funds' planning period and presents a strategic approach related to the development of the health resorts infrastructure, as well as the improvement of a systemic approach necessary for the revival and development of Latvian health resorts and rehabilitation centres to promote their international competitiveness. Health tourism products are considered to be among the most competitive in the Latvia's tourism export offering having a high value added.

The Health Care Services Export Co-ordination Council was established in May 2019 to foster the development of health tourism and increase the export of health care services. The Council has been formed jointly by the Ministry of Health and Ministry of Economics involving the Latvian Health Tourism Cluster, which includes representatives from the medical and other relevant organizations. In close cooperation with local private and public cross-sectoral stakeholders the Council has developed the Action Plan for the Development of Health Care Exports Services, 2019-2023¹⁴. This Action Plan has been prepared on the basis of an informative report about the possibilities for promoting the development of health tourism, which summarises proposals for actions and measures to be undertaken. The Action Plan includes: 1) actions to ensure sustainability; 2) strategic health tourism target markets/countries; 3) actions to create the image of Latvia as the leading country for health care services.¹⁵ The Action Plan is in line with the Tourism Marketing strategy 2018-23 that addresses future tourism challenges and defines MICE and health tourism as key priorities in order to minimise effects of the tourism seasonality. According to this plan the Latvian Investment and Development Agency together with the Latvian Health Tourism Cluster prepare and implement the Marketing Plan for the Latvian Health Services' Export on the annual basis.

The Ministry of Economics collaborates with the Ministry of Environmental Protection and Regional Development to ensure that high quality natural resources are improved and maintained. These unique natural curative resources are important for Latvian health resorts' and health tourism development. Other examples of cross-government work include co-operation with the Ministry of Culture in relation to the development of cultural tourism; the Ministry of Transport to provide road infrastructure and transport improvements, including the development of resort infrastructure; and the Ministry of Health, in relation to health tourism development.¹⁶

The EU Structural funds planning period, 2014-2020, and the new period 2021-2027 documents define the health tourism as the strategic tourism product group for Latvia. Like elsewhere in the EU, health tourism includes a number of important sub-groups: health tourism itself, wellbeing, traditional health-enhancing opportunities and health resort medicine and medical treatment.

¹³ In the light of the crisis caused by Covid-19, the approval of the Plan by the Cabinet of Ministers has been delayed, but there has been an active work ongoing on the evaluation of the planned actions during 2019 and 2020.

¹⁴ Latvijas Republikas Ministru Kabineta 2019. gada 6. Marta rīkojums Nr. 109 "Par veselības aprūpes pakalpojumu eksporta attīstības plānu 2019.-2023. gadam".

¹⁵ <https://www.oecd-ilibrary.org/sites/6eed417e-en/index.html?itemId=/content/component/6eed417e-en#section-d1e62753>

¹⁶ OECD, 2020, OECD Tourism Trends and Policies. Latvia, OECD: Paris, retrieved from: <https://www.oecd-ilibrary.org/sites/6eed417e-en/index.html?itemId=/content/component/6eed417e-en#chapter-d1e62703>

Under the Operational Programme (OP) “Growth and Employment 2014-2020” “Increase the proportion of exports of high value added products and services” — “Cluster Programme” — Objective 3.2.1 (SSO 3.2.1.1) Latvia has allocated a total of EUR 485 874.42 million (ERAF funding – EUR 412 993.26) for the Latvian Health Tourism Cluster during the period of time from 2017 to 2020¹⁷. The Cluster includes 62 registered members - national, municipal and regional hospitals, private clinics, rehabilitation and wellness/spa centres, tourism agencies, education and research institutions. The aim of the Cluster is to promote sustainable cooperation between companies, education and knowledge distribution organisations operating in Latvia's health tourism sector, thereby increasing their competitiveness in health care and health tourism, and by promoting the export of health services - an increase in total costs of foreign travellers in Latvia and the development of high value-added products. Furthermore, there are additional resources in the OP 2014-2020 foreseen for infrastructure development in order to attract investment projects to resort territories, such as Liepāja city and others (Priority Action 5, Special Support Objective 5.6.2).

In the Operational Programme 2021-2027 the principles established at national level do not dispense with the needs of specific sectors, but rather identify the strategic directions for the overall development needed for the economy. Tourism is directly supported by 6.5 million development-oriented support for the increase of new products, through a cluster's approach (differentiation compared to the previous period) and by identifying both – the most perspective development areas referring to geographical locations (infringes the borders of the administrative territory) and by developing thematic networks, in line with the highly priority types of tourism identified by the country, cultural, MICE¹⁸, health tourism and nature tourism.

3. Results of the internal and external factors' analysis

The analysis of internal and external factors was performed within the InnovaSPA project in order to identify target areas, which the project activities could help to promote.

3.1. Availability of natural curative resources in Latvia and their use

Latvia has long and strong traditions of providing natural (thermal) resources for medical treatment. The sulphur springs of Kemerī were used in traditional medicine already in the second half of the 18th century and in the early 19th century when the ailing noblemen of the Kurzeme region came here for treatment and stayed with local foresters. The first public bathing establishment in Kemerī was built in 1838 on a state-owned plot of land that had been allocated for sulphur water therapy purposes by Emperor Nicholas I. This is regarded as the year of founding of the resort which was quite popular in the Russian Empire.

The curative resources available in Latvia (e.g. mud, mineral water, climate) have good quality, they are long lasting and in large quantity. There is still a lot of unused potential regarding the use of existing curative resources.

Also, additional research work is needed to explore a possibility of using thermal resources, namely geothermal water. Noteworthy heat power could be obtained from the water of the Cambrian aquifers,

¹⁷ <https://www.esfondi.lv>

¹⁸ Meetings, incentives, conferences & exhibitions

located in the area of 12,000 km² in the Central and south-western parts of Latvia at the depth 1,350-1,730 m. After the analysis of heat demand volume and dynamics for different consumers in the geothermal zone, complying with the above conditions, researchers have come to the conclusion that bigger cities, such as Liepaja, Jurmala, Jelgava, Dobele, are more suitable for the use of geothermal water for district heating and hot water supply. There are no suitable consumers in the rural areas, and such consumers are unlikely to appear in the near future, except in the virgin coastal areas suitable for the establishment of spas.¹⁹ The efficiency of using geothermal water depends on the cost of accessing it and couldn't be beneficial in all of the above mentioned places. It should be noted that the Liepaja Regional Hospital is already using geothermal waters for healing purposes on a daily basis as they have made their own deep-drill to access the thermal water. However, it will take more time for increased use of thermal waters in Latvia as it requires more research work and high initial investment.

The use of local natural thermal resources, such as mud and mineral water, has started rapidly developing over the past decade. There were several successful examples of the use of natural resources for the production of cosmetics in Latvia, such as *Elier*, *Marence*, *Kemmern* and *Madara Cosmetics* natural resources (mud – based) cosmetics and care products, however, this sector still has a lot of unused potential and widely available natural resources.

In addition, there are several ongoing EU structural funds supported projects related to the use of natural thermal resources, such as the project “Study of Blue Clay Resources in the Lakes of Latgale Region and Justification of Possibilities for its Use”, “Analysis of Characteristics of Medical Sapropel and Its Usage For Medical Purposes and Elaboration of Industrial Extraction Methods” and others.

Further research of the use of natural (thermal) curative resources should further promote development of competitive organic cosmetics' products of Latvia, as well as facilitate the use of natural resources in medicine and health resorts, as well as boost health resorts development.

More active cooperation with research institutions could activate and promote cooperation with research institutions in the development of applied research, as well as innovative new products and services based on curative natural resources. There is also a great opportunity to promote scientific collaboration on the basis of biomedicine included in the Smart Specialization Strategy of Latvia.

According to RIS3 priority, knowledge base and human capital will be developed in the knowledge areas in which Latvia has comparative advantage and which are important for the economic transformation (in smart specialization areas) for the development needs of knowledge intensive bio-economy, biomedical, medical technology, bio-pharmaceutics and biotechnology, smart materials, technology and engineering systems, smart energy and ICT sectors and in the key technology areas identified by the EC (nanotechnology, micro-and nano-electronics, photonics, advanced materials and manufacturing systems, biotechnology). Therefore, the use of natural curative resources in biomedicine, bio-pharmaceutics, etc. is the basis for developing internationally competitive innovative products and services.

3.2. Development of health resorts in Latvia

The geographic location of Latvia by the Baltic Sea, its climate and ecology provides comparative advantages for the development of health resorts. At the same time, no new health resorts were built in

¹⁹Eihmanis E., 2000, Incorporation of Geothermal Heat Sources in Latvian Heat Supply Systems, *Proceedings World Geothermal Congress 2000*, Kyushu – Tohoku, Japan, May 28 – June 10, 2000.

Latvia for around 50 past years. Therefore, the infrastructure of existing resorts requires constant elaboration and improvement. Recently, the infrastructure of public resorts in Liepāja and Jūrmala (Kemerī) cities has been improved by using the EU Structural Funds resources to make them more accessible and attractive. However, this isn't enough just to develop the infrastructure and leave health resorts without funding opportunities for their development. No new health resorts were built in Latvia since the beginning of 1990ies as this hasn't been in the focus of priority and support actions on the state or municipal levels. To make private investment and innovation in health resorts possible the support funding from the EU Structural Funds and, especially, investment for an improvement of a public infrastructure is very important to increase their accessibility and attractiveness for local and foreign investors. Further improvement in the existing resort infrastructure and development of new health resorts could greatly complement the health tourism offering, which currently doesn't provide too much choices for the recreational and health tourism^{20/21} in Latvia. The country's competitiveness in this sector is comparatively low and lags behind neighbouring Estonia and Lithuania, which were actively use the EU funds for improving and developing health resorts for more than the last 10 years.

The two largest and the most advanced health resorts in Latvia are the Jaunkemeri Resort Rehabilitation Centre, which is a private establishment, and the state run – Vaivari National Rehabilitation Centre, where the most of quality medical and medical spa treatments are available for patients' rehabilitation after various illnesses, disabled people, as well as for prophylactic purposes. Both of them are located on the territory of Jūrmala city – along the coast or in pine forests, which offer wonderful conditions for rehabilitation, health improvement and leisure. Both establishments practice historical resort treatment traditions – mud and mineral water treatments, combined with modern rehabilitation methods - modern diagnostic and treatment combined with the use of natural agents like hydrogen sulphide, bromine mineral water and healing mud. Also, there are also other smaller health resorts and spa establishments, which work with natural resources in the Latvia. Usually these are rehabilitations centres and/or spa's established by the largest hotels, hospitals and medical centres.

Taking into account existing strengths and governmental support for developing the health tourism in Latvia there is a great opportunity to promote innovative medical treatment and rehabilitation based on the use of local natural curative resources and tradition. There is a lot of potential for the use of natural curative resources, which can be used more actively, but also gently, as well as to supplement them with available external natural resources.

The biggest threat for health resorts and spa industry development in Latvia is an increased competition from neighbouring countries and other European countries. Opening of new markets will further weaken the competitiveness of Latvia, where health resorts aren't so well developed. The lack of the state and EU funding, as well as financial support and reluctance of investors to invest money in resorts without additional support, may further cause the reduction of the competitiveness of the existing resorts and will keep away municipalities that are rich with natural curative resources from exploiting their comparative advantages, as well as negatively influence their overall development. A lot can be done by municipalities, especially those with the resort status, which could foster the development of small infrastructures related to health resorts and natural curative resources.

A large part of population of Latvia is not so wealthy to cover costs for prophylactic and rehabilitation services themselves. However, those Latvian clients, who can afford to pay for health resorts services quite often give priority to health resorts in neighbouring countries, because their service offering is

²⁰ According to the Tourism Law of Latvia the recreational tourism is a type of tourism the objective of which is to renew a person's physical and mental potential, making rational use of natural and artificial recreation and recuperation resources.

²¹ According to the Tourism Law the health tourism is a type of tourism the objective of which is improvement of the general condition and well-being of the body, prophylaxis, medical treatment and rehabilitation, using also natural curative resources.

greater, quality is good and prices – lower. Taking into account these obstacles, as well as the fact that Latvia is a small country, health resorts must be capable in providing services to local and foreign markets, as well as to keep existing clients and attract new ones. The demand for Latvian health resorts and their services could be higher from Latvian, as well as foreign clients, if the existing former rehabilitation centres (Līgatne, Krimulda, Tervete, etc.) could be renovated and new ones could be built. In addition, there hasn't been any research work done to estimate the demand for health resorts' services in Latvia. Also, there is a need for collecting statistics related to incoming and outgoing health tourism.

Latvia has an opportunity to develop high-quality infrastructure, to modernize existing rehabilitation centres and medical institutions, as well as to create new ones. Taking into account the competition from neighbouring countries the Latvian government needs to take strategic decisions how to support wisely developed innovative niche products of health resorts that could differ from those provided by Estonia and Lithuania. The availability of natural curative resources is a basis for creating unique niche products and services to be offered by the Latvian health resorts. Such niche products could serve as a basis for developing competitive health resorts and attract clients looking for specific health services based on the use of natural curative resources and combined with innovative technologies, and treatment methods.

Considering development of new health resorts, there is a need to conduct comprehensive research on demand and supply not only on Latvian scale, but at least on the scale of the Baltic States to define the right niche for offering competitive and demanded services.

There are great opportunities to learn from international experience in the framework of projects, such as InnovaSPA, as well as from international cooperation partners and activities organized by the LHTC.

Promotion of development of health resorts will benefit providers of tourism services by differentiating tourism offers, improving quality of services and reducing the impact of seasonality.

There are also opportunities to continue an active cooperation with professional organizations of the resort municipalities in the Baltics, European and world resorts, and. This could help to improve standards of Latvian health resorts to ensure their international recognition and attract new clients. The introduction of internationally recognized standardisation and certification system, such as Europa Spa Med and Europe Spa wellness for medical spas and wellness hotels could also help to attract more foreign clients to Latvian health resorts.

3.3. Skills and knowledge for health resorts' professionals

Latvia has a rapidly developing wellness industry with high quality services provided by qualified medical staff. The Riga Stradins University (RSU) Faculty of Rehabilitation has a wide range of study programmes up to the Doctoral studies in rehabilitation and physiotherapy. There are also other professional courses and programs of rehabilitation, which ensure the provision of a wide variety of high quality services. However, health resorts and other tourism establishments often complain about a lack of new professionals, especially in balneology, an inadequate education/training system and a limited research capacity.

Existing health resorts and other establishments already complain about a lack of new professionals, which could place further threats for health resort development. Many of well-trained professionals are leaving Latvia and looking for much better paid jobs abroad. At the same time, most of Latvian rehabilitation centres and health establishments can't afford to pay competitive salaries to their personal,

because they can't charge too high prices to their clients in order to keep their competitiveness, as well as due outdated infrastructures.

There is efficient high level training of specialists in rehabilitation and prophylactic medicine sectors in Latvia provided by educational institutions on vocational and higher levels. At the same time, education programmes for hydrotherapy and balneotherapy could be modernized providing a wider variety of skills and training, as well as train more individuals. In order to investigate labour market needs (demand) for skills and competences of the spa and wellness industries, the RSA together with the LHTC in cooperation with other European partners, including the World Federation of Hydrotherapy and Climatotherapy, have started the Erasmus+ programme WeSkills project²², which will result in the creation of new VET education programs to cover these shortages.

The LHTC actively cooperates with other European and Baltic Sea Region partners. From 2017 to 2020 partners from countries around the Baltic Sea worked together on the ProVaHealth project, which stimulated the cooperation among health laboratories that test new products and technologies in real-life contexts. This project helped to share best practices to improve business models of the labs and open access to the services for small and medium sized enterprises (SMEs) to ensure health innovation and growth of health SMEs with a global potential. Also, it has promoted cooperation between Latvian and foreign medical simulation centres, and health clusters which will promote the development of medical resorts and health tourism. The key aspect of Living Labs is the co-creation and experimental testing of products in a real-life context, providing opportunity for client validation, hands-on feedback and customer input for product development. In this way, Living Labs support companies to rapidly commercialise and scale up their innovations and products to the global markets.²³

3.4. Institutional framework regulating the development of health resorts

According to the Tourism Law the state institutions responsible for the resort development, health tourism and issues related to health/spa resort promotion is the Ministry of Economics of Latvia. At the same time, the Ministry of Health is responsible for proving quotas and funding for rehabilitation services for both – public and private establishments, as well as for setting requirements for providing medical services. In addition, the Ministry of Environmental Protection and Regional Development is responsible for the use of natural resources. The Ministry of Economics is currently collaborating with the Ministry of Environmental Protection and Regional Development to ensure that high quality natural resources are improved and maintained. Other examples of cross-government work include co-operation with the Ministry of Culture in relation to the development of cultural tourism; the Ministry of Transport to provide road infrastructure and transport improvements; and the Ministry of Health, in relation to health tourism development. At the same time, development of health resorts should not be supported only from the tourism perspective, but mainly from the health dimension as a source of rehabilitation and health prevention. Lack of financial support, coordination and incentives from the state and municipal institutions, which are necessary for development of health resorts and rehabilitation institutions, are among the main aspects that hinder development of health resorts in Latvia. Furthermore, , state funding and quotas for medical rehabilitation services tend to decrease year by year.

According to the Tourism Law the resort status has been granted to Jurmala and Liepaja cities of Latvia. The members of the Latvian Resorts Association (LRA), which was created in 2008, were the resort cities of Jurmala and Liepaja, as well as other cities – Baldone, Ligatne, Ogre, Saulkrasti, Salacgriva

²² <https://healthtravellatvia.lv/en/projects/>

²³ <https://healthtravellatvia.lv/en/projects/>

and Sigulda, which are considering to become resort cities in the future. At the same time, only Jurmala city is actively offering services of health and spa resorts, while others are still in developing their infrastructure and resorts. The LRA also involves 62 associate members or merchants. There is a successful cooperation developed with other Baltic States' Resort Associations in Lithuania and Estonia, and the future plan to create a successful Baltic cooperation model in health tourism by establishing the Baltic Health Tourism Cluster in 2012. In 2017, there was a bilateral cooperation agreement signed between the Latvian Resorts' Association and the Lublin Medical and Wellness Cluster of Slovenia.

The Latvian Health Tourism Cluster (LHTC) is Latvia's leading private and state organisations uniting in a cluster. The cluster's objective is offering quality medical services to foreign patients. It has 62 members including state, municipal and regional hospitals, private clinics, rehabilitation centres, resort hotels, travel agencies, educational and research institutions and 4 municipalities. The cluster fosters collaboration between those working in the health sector, implements joint marketing activities, forms and markets integrated and innovative health tourism products and services, thus making them more accessible to both locals and foreign tourists. The cooperation between tour operators and healthcare providers is essential, because the existing competition between both parties reduces possibilities of mutually beneficial cooperation.²⁴

The LHTC has done a great job for promoting the export of Latvian health care services and the image of Latvia. This also provides great opportunities for Latvian health resorts to promote their services, gain international recognition and attract clients from new countries and extend existing markets.

There are also the Sustainable Tourism Cluster of Latvia, "Healthcare Travel", and the Latvian Medical Export Association that have been established to promote health tourism of Latvia. However, the LHTC is the most active and efficient organization presenting the Latvian health tourism offering and trying to balance interests between health care services providers and tourism operators, as well as acting as an intermediary between its members and state institutions responsible.

The establishment of a new Health Care Services Export Co-ordination Council provides an opportunity for improved cooperation and cooperation among governmental organizations, as well private partners representing tourism sector, involved in the promotion of health tourism and health resort development. In addition, the involvement of researchers and entrepreneurs interested in creation of an innovative and competitive offering for health resorts in this Council would be needed. Attracting private investors and partners in the development of health resorts should be one of the tasks of this Council.

Unfortunately, existing shortages in the legislative framework don't allow clearly specify responsibilities of governmental institutions for the development of health resorts and the use of natural curative resources in the provision of health services. Lack of support, coordination and incentives from the state and municipal institutions necessary for the development of resorts and rehabilitation institutions are among the main aspects that hinder the development of health resorts in Latvia. The provision of prophylactic and rehabilitation services, which is regulated by quotas issued by the Latvian Ministry of Health, doesn't even satisfy the local demand, which is only going to increase considering needs of aging population of Latvia and consequences of the COVID-19 pandemics. So far, this hasn't been considered as a priority area by the Ministry of Health.

Improved policies and facilitation of triple-helix cooperation shall promote the creation and development of innovative start-ups, health prevention new products and services. Encouraging smart

²⁴ <https://healthtravellatvia.lv/en/cluster/>

investments in health care, health resorts sector and use of natural curative resources will also facilitate the improvement in the health industry.

3.5. Health tourism sector in Latvia

A special location of Latvia at the Baltic Sea coast is simultaneously a prerequisite and a restriction for further development of health resorts. On the one hand, it determines enhancement of economic activities characteristic for the seashore, but, on the other hand, the economic activities at the seashore must be implemented by observing strict requirements for nature and environment protection, as there is high concentration of the EU significance especially protected biotopes. To make the seashore territories more attractive for entrepreneurial activities, this is important to improve offer of the health tourism and efficiency of the use of resort resources, as well as develop active recreation activities, thus solving also the issues involved in seasonality influence.

At the same time, the Baltic seashore is the most attractive place for real estate developers. There has been a situation created that investors were able to get permissions for building spa hotels or health resorts in resort territories near the sea, but these newly constructed building had been later turned into apartment houses. This situation has degraded a part of the seaside resort territory, which has now multi-story apartment buildings instead of SPAs and health resorts. Therefore, if new investor or developer of health resorts would be interested to build a new health resort in the resort territory near the sea then there should be strict criteria, agreements and conditions set to make sure that there will be a new health resort or rehabilitation centre constructed, but not a new apartment building.

In total, tourism contributes 4% to Latvia's GDP (2018), while tourism exports were EUR 1.3 million in 2018, or 5% of total exports and 17% of service exports. Tourism and related industries provide 77100 jobs, accounting for 8.5% of a total employment (2018). Regarding tourism statistical data, according to the World Bank (WB), the spending of tourists has an upward going trend and has increased in 2018 up to around EUR 85 million²⁵, which was a **11.15% increase** from 2017, and is the highest ever spending level since 1995. At the same time, tourism contributed with 5.01% to a total export in 2018 keeping similar volumes starting from 2010 (See Figure 1). However, there were 2.8 million visitors in 2018, which shows an increase of 8% over 2017. Of these, 1.9 million or 70%, were international tourists. In 2018 top source markets were Lithuania (14.1%), Germany (13.3%), and the Russian Federation (12.5%). The most strategically important tourism markets in Latvia are MICE (meetings, incentives, conferences, events), health tourism, nature tourism and cultural tourism.²⁶

In year 2019 tourism contributed already 4,6% to the GDP of Latvia. By 2019, on average, annual exports of Latvian services grew at a faster pace than exports of goods. A number of service lines – transport services, travel, ICT and brokering services – make a major contribution to export growth. On the other hand, the share of financial services exports is declining. Following a steady growth in service exports in 2019, Covid-19 is affected by the distribution, 2020 for service exports has started unfavourably, with export value of 18.2% lower in actual prices in the first half of the year than a year ago.

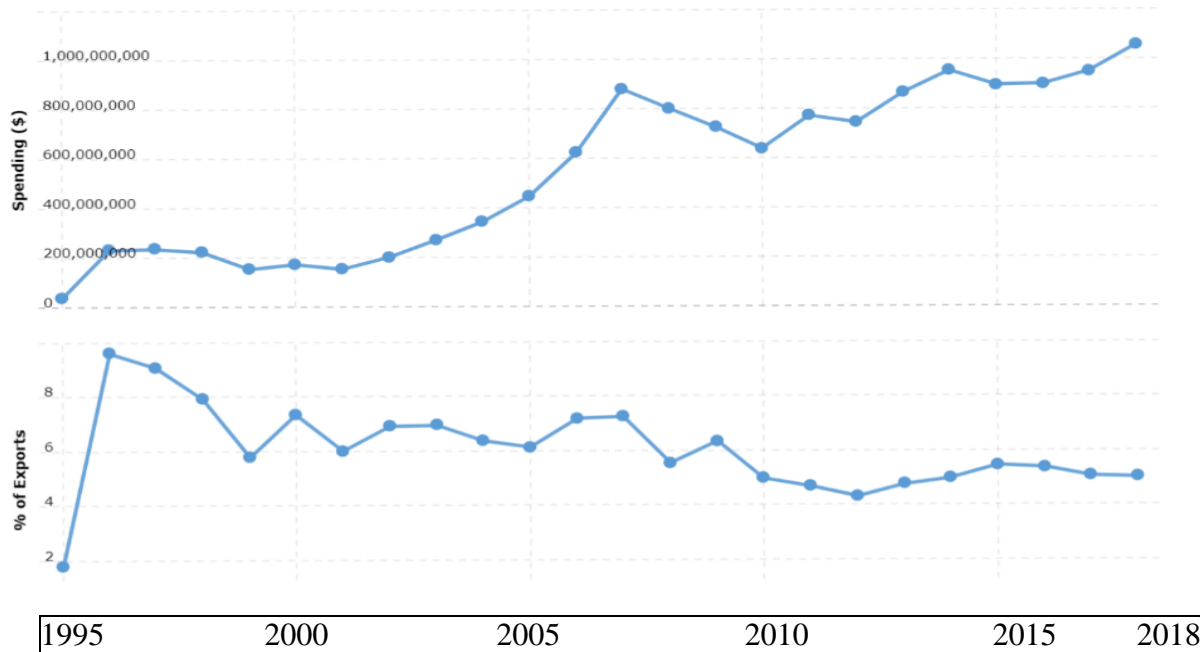
According to Central Statistical Bureau, 1.46 million travellers were served at the Latvian tourist accommodation in 2020. Foreign and local guests, which are 48.7% less than in 2019 and are the lowest

²⁵ The EU exchange rate of USD against EUR of 0.80509 (2018) has been used to convert the WB data from USD to EUR.

²⁶ <https://www.oecd-ilibrary.org/sites/6eed417e-en/index.html?itemId=/content/component/6eed417e-en>

figure in the past decade. Guests at tourist accommodation spent 2.89 million nights, which is 47.6% less compared with the previous year.

Figure 1. Changes in the Latvian tourism statistics, 1995-2018



Source: World Bank, <https://www.macrotrends.net/countries/LVA/latvia/tourism-statistics>

According to the statistical data, Latvia has a good potential for increasing its tourism income and a number of visitors. However, this requires the extension of tourism offers or products, as well as efficient marketing. The OECD²⁷ has defined health tourism as a priority tourism sector in Latvia with a large potential for growth in medical or health services exports due to the availability of high quality medical services and comparatively low prices. This is also worth mentioning that health tourism in Latvia helps to overcome seasonality and is available all year round.

In 2019 as a part of the Action Plan for the Development of Health Care Export Services 2019-2023 a pilot project was launched on health tourism statistics, the initial results of which show that patient number reaches 15 366 of foreign health tourist, duration of treatment reached 53 696 days in total.²⁸ Comparatively small number of health tourists is related to the fact that the health tourism offering in Latvia is quite traditional based on the old infrastructure and not specifically adjusted to needs of foreign travellers. Also, this data doesn't include statistics of all health tourism establishments, but just the biggest ones. According to the Analysis of the Latvian Tourism Sector performed by researchers of the University of Latvia in 2019²⁹ in order to promote the health tourism of Latvia this is necessary to turn the existing weaknesses into strengths by:

- Creating professional complex spa and wellness programs;
- Popularising local traditions, such as saunas;
- Creating innovative products combining wellness and medical services;
- Creating professional complex tourism products;

²⁷ <https://www.oecd-ilibrary.org/sites/6eed417e-en/index.html?itemId=/content/component/6eed417e-en>

²⁸ https://statistika.spkc.gov.lv/pxweb/lv/Health/Health_Medicinas_turisms/?tablelist=true

²⁹ Ministry of Economics, 2019, Analysis of the Latvian Tourism Sector, Riga, Latvia, pp. 18-20

- Creating targeted marketing communication channels;
- Strengthening cooperation between private clinics and tourism sector representatives;
- Adjusting the offering by medical establishments to needs of foreign patients;
- Strengthening cooperation between involved ministries (Ministry of Economics and Ministry of Health) has been weak;
- Ensuring the provision of offering and documentation of services providers in foreign languages;
- Establishing the cooperation between international insurance companies needs to be established.

In 2017 Latvia joined the World Federation of Hydrology and Climatotherapy³⁰ because health resort thermal and infrastructures aim at increasing the number of users and tourists. In this respect, the Latvian Ministry of the Economy supported a workshop in Riga in June 2017 on the perspectives of hydrotherapy and health tourism in the Baltic Countries. During this workshop several nations introduced their facilities and the relevant care and wellbeing offering to the over 30 participating countries including, in particular, Estonia, Latvia, and Lithuania where, based on tradition and recent investments, thermal and wellbeing facilities have become quite attractive for broad areas of the European market.

Latvian health tourism has already acquired good international reputation for high services at affordable prices. Therefore, there are good opportunities to attract more and more tourists, especially, from neighbouring countries. At the same time, there is still insufficient domestic and foreign demand for services and low solvency, a little research has been done on demand and supply for health services and there is a probability that foreign tourists, especially from Scandinavian countries choose Latvia mainly because of low prices for the same health care services, as well as modern technologies and high level professionals. While the overall demand for health and spa resort services is increasing the offer and opportunities of Latvian health resorts are not well known in Western Europe. More support and effort is required to promote the image of Latvia's health resorts.

Among obstacles that keep local and foreign clients to explore health resorts of Latvia is that preventive care and spa services are not covered by the healthcare insurance in Latvia. Also, resort medical treatment services in Latvia may not be paid by international insurance companies, which, especially, reduces the interest of foreign clients.

According to the statistics, in 2017, so far the Top 10 countries, whose patients have received medical treatment in Latvia were: Russia, Belarus, Germany, the United Kingdom, Ukraine, the USA, Sweden, Lithuania, Norway and Estonia and other countries.³¹

4. Main issues tackled by the InnovaSPA project

According to the InnovaSPA project context it addresses the societal challenge of ageing society and demonstrates that the use of natural curative resources by introducing innovative cures and care solutions can be a sector having a huge potential in making healthcare more efficient and accessible for wider target groups.

³⁰ <https://www.femteconline.org/COUNTRIES/countrypages.php?s=Latvia/>

³¹ <https://healthtravellatvia.lv/en/medical-tourism-latvia/>

The above provided analysis demonstrates the availability of natural curative resources providing comparative advantages for Latvia. These resources can be used for developing competitive products, such as organic cosmetic and medical products, developing health resorts, as well as promoting the health tourism that is significant in terms of the regional development. Therefore, this is important to acknowledge availability of natural healing resources and efficiency of their use for providing health services, as well as using those resources in medicine, cosmetology, etc. Latvia is rich with such natural healing resources as thermal mineral waters, mud, clay, etc. and a lot of potential of exploring and using these resources.

Therefore, the InnovaSPA project in Latvia tackles the two main issues: 1) promotes the use of local natural resources in biomedicine and bio-pharmacy, including the development of organic cosmetics, related to the RIS3; 2) promotes the development of health resorts of Latvia from the health tourism perspective. In addition, this project provides an excellent opportunity for Latvian stakeholders to learn from experience of other InnovaSPA partner regions, as well as to transfer good practices.

PART II – POLICY CONTEXT OF THE ACTION PLAN

The Action Plan aims to impact:	X	Investment for Growth and Jobs programme
	<input type="checkbox"/>	European Territorial Cooperation programme
	<input type="checkbox"/>	Other regional development policy instrument

Name of the policy instrument addressed: Republic of Latvia Operational Programme (OP) “Growth and Investment 2014-2020”

Priority Axis 1: Research, technological development and innovation. (Action 1)

Priority Axis 3: Competitiveness and innovation of SMEs. (Action 2)

ACTION 1

Operational Program (OP)

Firstly, the OP PA1 Investment priority (IP) 1.2.: Promoting business investments in R&D and creating links and synergies between businesses, research and development centres and the higher education sector, in particular by promoting investments in product and service (including creative product) development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, cluster creation and open innovation with the help of smart specialization and supporting technological and applied research, pilot projects, approval of production in the early design phase, increasing the production capacity and the first production, especially in relation to key enabling technologies and diffusion of general purpose technologies.

The Action 1 is focused on the Specific objective (SO) No. 1.2.1.: To promote investments of private sector in R&D

This action is also related to RIS3 objective to facilitate the science and innovation capacity of Latvia by increasing the development of potential of scientific and technological excellence, thereby contributing to the international competitiveness of research institutions of Latvia through attracting the external funding and cooperation with enterprises that create and implement new knowledge-intensive and competitive products.

According to the SO 1.2.1.: Furthermore, sufficient human capital of high quality, appropriate research infrastructure (currently fragmented) and its further improvement, as well as effective management of research institutions is a precondition for investment in R&D&I to be effective, to promote international cooperation and to establish the connection of research with the industry.

Secondly, The OP PA3 is focusing on enhancing economic competitiveness of the Latvian SMEs

The 3.2. investment priority is designed to supporting the capacity of SMEs to engage in growth and innovation processes.

The SO 3.2.1. promotes the proportion of exports of goods and services with a high value added.

The SSO 3.2.1.1. specifically targets the Clusters program that also includes the support for the Latvian Health Tourism Cluster, which is directly involved in the promotion of the Latvian health resorts.

The implementation of the OP is tightly linked to the Latvian Tourism Development Guidelines 2014-2020 (hereinafter – Guidelines). The objective of the Guidelines, as well as the OP IP 3.2. is to ensure the sustainable growth of the Latvian tourism sector by supporting the capacity of SMEs to engage in regional, national and international markets, and innovation processes.

Therefore, the InnovaSPA is focusing on the SSO 3.2.1.1. that contributes to the promotion and development of the innovative health tourism offering provided by the Latvian health resorts and establishments.

The Aim of the Action Plan

The overall objective of the Action Plan is to promote the use of natural curative resources for developing internationally competitive innovative products and services, as well as promoting their use for health and medical purposes. According to the Application form it is targeting the OP PA1 Investment priority (IP) 1.2.: Promoting business investments in R&D and creating links and synergies between businesses, research and development centres, and the higher education sector. The improvement of the policy instrument (OP) is planned in the following aspects stated below.

Firstly, according to the Application form the PA1 supports RTD and innovation in Latvia. In particular, the OP contribution is expected to increase Latvia's innovation potential by having the share of innovative SMEs increased to 40%. Latvian OP (2014-2020) underlines the importance of the preventative health care development, which is also underlined by the Latvian National Development Plan (2014-2020). This also includes the development and expansion of activities related to the use of natural curative resources through innovative projects related to health care, including prevention, recreation and rehabilitation. Such projects are also supported by the RIS3 area – “Biomedicine, medical technologies, biopharmacy and biotechnologies”. The project implementation involves research and innovation activities in public research and competence centres, as well as cooperation and technology transfer between universities and enterprises. (Action 1)

The objective stated in the Application Form - to increase Latvia's innovation potential by having the share of innovative SMEs increased to 40%, also corresponds to the PA3 as a cross-cutting issue. Thus, this Action Plan also targets the promotion of the health tourism offering provided by the Latvian health resorts and establishments by focusing on private and public partnership, and exploring new possibilities for developing health tourism products with high added value. This is related to supporting the development of clusters, such as the Latvian Health Tourism Cluster (LHTC), which is directly involved in the promotion, attracting investors, supporting the development of health tourism products, conducting research and promotion of R&D for the benefit of the Latvian health resorts. (Action 2)

Secondly, during the 1st Phase of the project (2018-2020) the evaluation of the existing situation on Latvia has been carried out by conducting the research work based on the SWOT analysis to identify internal and external factors influencing the development of Latvian health resorts, medical treatments, health services, as well as development of new products (cosmetics) by using natural curative resources. In addition, the OP measures promoting these objectives were assessed. According to the results of research the following activities during the Phase 1 of the InnovaSPA project were carried out:

- 1) The objective of the Action Plan has been targeted by supporting the extension of the Competence Centre of Pharmacy, Biomedicine and Medical Technologies (CCPBMT) that particularly focuses on the development of new drugs, food supplements and cosmetics based on natural curative resources in the framework of the Competence centres support program during the current planning period (2014-2020). Activities of the CCPBMT were re-evaluated before its extension took place. It was concluded that this is important to continue the research work related to the use of natural resources in bio-pharmacy and medicine, as well as the production of functional cosmetics also during the next stage of CCPBMT activity. (Action 1)
- 2) The objective of the Action Plan has been targeted by supporting the extension of the Latvian Health Tourism Cluster (LHTC) the framework of the Cluster support program during the current planning period (2014-2020). A detailed analysis of the current Clusters program and developing proposals for cluster policy improvement in the future has been conducted. It was concluded that this is important to continue the work of the LHTC also after 2020 to further promote Latvian health resorts and implement additional activities also after 2020 under the current OP (2014-2020), as well as to prepare for the next planning period (2021-2027), which envisages to continue supporting clusters. Therefore, the Cabinet Ministers of Latvia adopted a decision on 24.11.2020 to continue the funding of the work of the LHTC. (Action 2)

PART III – DETAILS OF ACTIONS ENVISAGED

Action 1. Promotion of the use of local natural resources in biomedicine and bio-pharmacy, including the development of organic cosmetics related to the RIS3.

1. Background

The InnovaSPA particularly targets the use of natural curative resources in the development of new innovative products, which is tackled by the Action Plan through the extension of the CCPBMT focusing on the development of new drugs, food supplements and cosmetics based on natural curative resources. The use of natural resources in pharmacy and biomedicine, namely, cosmetics, was also

inspired by the InnovaSPA project and supported by the continuation of funding of the CCPBMT by distributing the unused financing under the SO 1.2.1.

The policy change was achieved thanks to the evaluation of the CCPBMT and defining clear targets for its continued activity. Therefore, an improved management of the policy instrument that allowed to extend the activity of the CCPBMT for another period starting from April 2019. This 1st project of the CCPBMT was accomplished from 2016 - 2018 and it also involves the University of Latvia.

This Action has a direct relevance and contributes to the improvement of the addressed policy instrument with respect to promoting the use of natural curative resources in the area of preventive health and medicine, as well as targets RIS3 priority axes. The funding for the CCPMT was extended for the second period including a research for the development of nature based functional cosmetics proposed by Madara Ltd – one of the members of the Latvian InnovaSPA stakeholders' group. The objective of this research for Madara Ltd. is to work out high quality functional cosmetic recipes in different directions strictly using natural and organic resources (plant based substances and minerals). The project foresees that the potential effectiveness of plant substances and minerals in functional cosmetics will be examined, enabling innovative natural cosmetic products with excellent performance characteristics and high organoleptic quality indicators to be created. The project will also develop and develop technological processes that will contribute to efficient and cost-effective production of the product.

The InnovaSPA project helped the project partner (LU) to facilitate the policy change and partially influence the process by involving relevant stakeholders in the interregional learning processes on how natural curative resources have been used for thermal medicine, production of cosmetics, and other purposes. Taking into account that the LU has been a partner of the CCPBMT, it could directly influence the continuation of the project.

2. Action

The ideas for the Action come from the exchange of good practices and the learning process taking place in the framework of InnovaSPA project. In particular, it was inspired by the innovative idea of using thermal resources (minerals, mud, etc.) for producing cosmetics – good practices of the Vichy company in France, which was particularly interesting for Madara Ltd to be further explored and included in the CCPBMT extension proposal drafted in 2019. In addition, the overall scope and content of the InnovaSPA project has been useful to learn from different good practice examples about variety and specifics of cosmetic products based on thermal resources produced in the InnovaSPA partners' regions, especially France, such as Vichy and Royatonic.

During the first stage of the Action the InnovaSPA project has contributed to the extension of the CCPBMT by participating in the evaluation of the CCPBMT activities and offering a possibility to exchange experience and learn from project partners, how natural resources have been used in medicine, preventive health, pharmacy and cosmetics production. The Madara Ltd, which is also a member of the InnovaSPA stakeholders' group has participated in project related, as well as individual meetings, where innovative ideas of the use of thermal and natural resources in the InnovaSPA partnership were introduced starting from the fall 2018. The innovative idea of using thermal resources (minerals, mud, etc.) for producing cosmetics – good practice of the Vichy company in France, was particularly interesting for Madara Ltd to be further explored and was included in the proposal drafted in the beginning of 2019.

The second stage of the Action is the extension of the CCPMT for the second period, starting from April 2019, by involving the research work for the development of nature based functional cosmetics inspired by the InnovaSPA project.

The third stage of the Action is the research work for developing new innovative cosmetics' products based on the natural curative resources by Madara Ltd. in the framework of CCPMT from 2019 to 2021.

The Action is being implemented through organizing stakeholders' meetings, involving stakeholders in study visits, presenting good practices to stakeholders of the CCPBMT, as well as particularly addressing the Latvian cosmetics producer Madara Ltd, which is also a member of the CCPBMT. The Latvian cosmetics producer – Madara Ltd. is also a member of the InnovaSPA stakeholders' group and has participated in meetings starting from the fall 2018, where innovative ideas of the use of thermal and natural resources in the InnovaSPA partnership were introduced. Following innovative examples of producing cosmetics based on natural resources by Vichy Laboratories of France innovative ideas on the exploration of the use of thermal and natural resources in cosmetic products were introduced in the proposal for an extension of the CCPBMT and helped to get it approved on April 2019. After the policy change has been made the Madara Ltd. has undertaken the research work that is undergoing and should be completed during the first half of 2021.

The collaboration with the CCPBMT and Madara Ltd. will continue until the end of InnovaSPA project as activities of the CCPBMT are going to continue until 2023 and new projects in the CCPBMT framework are under implementation. Based on the research results, Madara Ltd. is starting to work on developing new experimental cosmetics' products. Therefore, the exchange of information between CCPBMT, Madara Ltd. and InnovaSPA project will continue in the framework of Latvian stakeholders' group. Madara Ltd. has expressed interest to participate in InnovaSPA activities and further exchanges if this will be possible taken into account Covid-19 pandemics and related restrictions.

This Action is beneficial for the whole country (Latvia) taking into account that it implements activities on a national level, involving academia, as well as business players. The target group of this activity includes cooperation partners of the CCPBMT, who will directly apply research result to real products.

3. Players involved

The initiator of activity: CCPBMT (involving LU and Madara Ltd.)

Other Latvian stakeholders of the InnovaSPA project: Ministry of Economics, Ministry of Health, Latvian Investment and Development Agency, Health Tourism Cluster, Clusters Experts Baltic Sea Region, Latvian Chamber of Trade and Commerce, National Association of Resort Cities, municipalities of resort cities of Latvia, Resort Rehabilitation Centres of Latvia, Riga Stradins University.

4. Timeframe

From April 2019 to end of 2022.

5. Costs

EUR 149,250.00 This ERDF amount has been allocated for the research activity of Madara Ltd. to work out high quality functional cosmetic recipes in different directions strictly using natural and organic resources (plant based substances and minerals).

6. Funding sources

ERDF resources under the OP, as well as company's own funding (not specified)

Action 2. Promotion of the development of health resorts of Latvia through the health tourism perspective. (*The policy change achieved – the extension of funding for the LHTC for 2021*)

1. Background

The objective of the policy instrument is to encourage businesses and research, education and knowledge transfer organizations and other institutions for cooperation at local and international levels, thus contributing to the competitiveness of economic operators, by increasing export volumes and the share of high value added products and services in export, as well as innovation and new product development. The Clusters program, and the Latvian Health Tourism Cluster (LHTC) supporting the development of Latvian health resorts is one of Latvia's best practices also presented for the InnovaSPA project.

The Cluster's program itself does not require any major changes within this planning period. However, the Clusters program focuses mostly on traditional export-oriented industries with large export indicators therefore it has quite strict and somewhat difficult criteria and requirements for non-traditional export industries, such as tourism and, especially, the health tourism.

The know-how of how to create a cluster support program specifically for the health tourism industry for promoting health resorts using natural curative resources comes from the good practice of the Innovatherm Cluster and the cooperation of the actors of the thermal ecosystem in Auvergne-Rhône-Alpes region in the framework of the Regional Thermal Plan that shows that this kind of collaboration between public and private partners has to be strengthened also in Latvia. For this reason, there is no need to change anything in the Cluster support program. However, a strategy and the support system to cover all areas and the most important stakeholders must be worked out. The LHTC already tries to support a wide range of activities, however, the most of support is provided from the tourism perspective trying to promote the export of already existing products, but not focusing on working together to promote the health resort development through a specific ecosystem.

The Innovatherm Cluster has inspired the idea of complementing the LHTC activities by developing a national level thematic networks to promote priority areas of the health tourism, such as the health resort network. Such network could be developed in a close cooperation with the National Resort Association of Latvia and its members – providers of health services (spa hotels, rehabilitation centres, medical establishments, etc.) in cooperation with involved municipalities and research institutions. Similarly, as in the case of France it could work to promote the "Full Health Thermal Spa Resort" (STPS) concept, that includes both preventive health and health care objectives. This concept was also presented during the study visit in the Auvergne-Rhône-Alpes region of France in the framework of the regional RIS3 that supports preventive medicine and balneology sectors.

The learning and exchange of ideas also took place during the study visit in Hungary, especially the experience of the East-Hungary's Thermal Health Industrial Cluster is shared with the National Association of Resort Cities in Latvia. In addition, the example of the Transylvania Regional Balneotourism Cluster showed that this is also useful to involve insurance providers and health policy

specialists, as well as environmental protection services such as water quality, conservation, city & regional planners, architects, and landscape designers in such collaboration.

2. Action

This Action aims to develop a joint thematic and regional support instrument, based on the evaluation of the OP 2014-2020 and lessons learned from good practice of Innovatherm Cluster. This good practice demonstrates that joint thematic and regionally (territory-wise) developed clusters can be an effective way of developing regional tourism on the basis of efficient exploitation of existing natural resources. Also, an improved support instrument for the health tourism should have specific criteria with a focus on specific territories and/or themes and have centralized governance. The preparation of proposals started in the middle of 2020 and will be written as guidelines that will serve as the base for the development of the new program for the next planning period (2021-2027), where new health tourism products are expected to be developed within the clusters' approach by identifying both – the most perspective development areas referring to geographical locations (infringes the borders of the administrative territory) and by developing thematic networks. Therefore, the Action, which resulted in the extension of funding for the LHTC during this planning period (2014-2020) will make an impact for the Cluster program for the next planning period (2021-2027).

Firstly, a detailed analysis of the LHTC activity in the framework of the Clusters program 2014-2020. is being performed Even though the current Clusters Program is still running, the Latvian government (including the Ministry of Economics) is already working on the next planning period, therefore evaluation of the LHTC activities, as well as the OP of 2014-2020 was needed. The research has proven that there are no changes required in the general criteria for the program of this planning period. At the same time, the LHTC has a support from the Cluster program, as well as other stakeholders, which have already indicated that there is a need for a new, different program, that would be specifically developed for the promotion of tourism industry. Therefore, this task aims to analyse the OP in order to draw conclusions and develop proposals for improved clusters program for tourism industry and its priority areas, such health tourism.

Secondly, the decision on the extension of the funding also impacted by COVID-19 raised negative economic effects for the LHTC at the end of 2020 allowed to continue work of the LHTC to integrate learning from the InnovaSPA and other projects in their practices, as well as conduct preparatory work for the next period. However, this should be taken into account that it's quite difficult to take over identified good practices at the very end of the period and change anything in such a short time. However, this is important to endure continuity of started activities also in the future.

Secondly, developing proposals for improved clusters program (based on target territory principle) for tourism industry. Based on the lessons learned from good practices of Auvergne-Rhône-Alpes region of France, Debrecen of Hungary, Centru Region of Romania, as well as the conclusions of the analysis of the OP, proposals for improvement of clusters program in relation to health tourism, as well as health resorts, must be drawn.

The improved clusters programme for the next planning period will be based on two, but complementary types - geographical clusters and thematic clusters, the last ones impact the activity horizontally. The renewed clusters programme has been created on analysis of geographical areas of Latvia by indicating 1) tourism export territories, 2) areas focused on the local and Baltic markets 3) local demand tourism areas. The thematic cluster will be based on strategic tourism products – culture, nature, MICE, health tourism. The territories and strategic tourism products are re-indicated by researching existing tourism products, their identity, regional functionality, destination management capability, tourism

infrastructure availability, local strategies and development goals. More detailed will be developed in the frame of Latvian Tourism Advisory Council.

3. Players involved

The initiator of the activity: The Ministry of Economics of the Republic of Latvia (M.A.)

Other Latvian stakeholders of the InnovaSPA project: Ministry of Economics of the Republic of Latvia, Ministry of Health of Latvia, Latvian Investment and Development Agency, Health Tourism Cluster of Latvia, Clusters Experts Baltic Sea Region, Latvian Chamber of Trade and Commerce, National Association of Resort Cities of Latvia, municipalities of resort cities of Latvia, Resort Rehabilitation Centres of Latvia, Riga Stradins University.

4. Timeframe

2020 Jan – 2020 Apr: Detailed analysis of the Clusters Program 2014-2020 was carried out. 2020 Jul – 2021 December: the LHTC funding was extended to work out new proposals for improved clusters support program for the health tourism industry, taking over good practices, working on new project proposals and implementing activities with external partners, including the InnovaSPA project. Further extension of the LHTC activities could be considered in order to mitigate effects of COVID-19.

The cooperation with the LHTC will be continued during 2022 taking into account the importance of interregional learning for developing thematic health tourism networks during a new planning period (2021-2027). This issue has become even more important taking into account an impact of the Administrative territorial reform of Latvia, which decreased a number of administrative territorial units almost threefold and requires developing new innovative approaches and strategies for future development. The LHTC has taken an active role in the InnovaSPA project as one of its stakeholders and participant of exchange & interregional learning activities during its 1st phase and will continue to participate actively also during the 2nd phase.

5. Costs

Funding for the extension of the Latvian Health Tourism Cluster is EUR 68 579.05

6. Funding sources

The action will be implemented within the current budget line of the Operational Programme 2014-2020 of the Ministry of Economics.

Other activities

1. Liepaja health resort infrastructure

This action targets another priority area of the OP (PA5) and relates to infrastructure development of resort area in Liepaja, which is crucial for the further development of health resorts and medical tourism of Liepaja. The representative of Liepaja has participated in the InnovaSPA stakeholders group and study visits, benefited from the exchange of experience as well as obtained business contacts to develop further cooperation. Thus, obtained experience and knowledge helps to facilitate the development of new infrastructure necessary for the creation of health resort and use of thermal resources.

The result is the implementation of new projects as the revitalization of degraded territories and establishment of basic infrastructure for entrepreneurship in the resort area of Liepaja (specifically

related to the development of health resort area and medical tourism, which is one of the development areas of Liepaja). The activity is implemented under OP SSO 5.6.2.

This action was partially facilitated by the InnovaSPA project, which has contributed by a possibility to exchange experience and learn from project partners about the development of health resorts in other regions of the EU.

A representative of Liepaja - Ms. Elina Tolmačova, Head of the Environment, Health and Society Participation Unit of the Liepaja City Council, has been actively involved in the InnovaSPA activities - study visits, meetings, ect. She has learned a lot about the development of infrastructures around health resorts in Hungary and Lithuania that were used as good examples for the development of resort area of the Liepaja city. She has communicated and presented ideas from study visits to key persons at the Liepaja city council. Since the study visit in Lithuania she also actively cooperates with the resort developers from Lithuania in order to ensure a proper infrastructure development for the forthcoming health resort of Liepaja.

During the InnovaSPA visit to Lithuania a representative of Liepaja Ms. Elina Tolmacova has been introduced with the developers of health resorts and has been involved in discussions of various aspects related to health resorts development. These contacts, as well as exchanges between Liepaja and developers of health resorts in Lithuania are still ongoing. Particularly useful was to learn about innovative niche health resorts, such as for insomnia patients or families with children, which require particularly adjusted infrastructure for target groups. These new ideas are being used for further development of infrastructure for a niche health resort in Liepaja targeting families with children. In addition, an example of a good practice of a united health resort concept in Birštonas has been particularly useful for establishment of health resort infrastructure and its elements, which is currently ongoing in Liepaja, making sure that a newly built infrastructure ensures connection and accessibility of the health resort with various objects situated in a compact area of the city, where a new family health resort will be build (Swans pound, parks, sea side, concert hall, etc.).

The main idea is to develop a new infrastructure that allows to implement a united health resort concept in Liepaja that allows further development of niche products for medical tourism, as well as make them widely accessible for inhabitants. This is also planned to develop a new health resort in Liepaja in the nearest time.

The InnovaSPA project and a possibility to learn from good practices helped to make conclusions, and suggestions on how the resort infrastructure has to be developed, as well as about important aspects of the resort management. The project would have happened also without the InnovaSPA project, but it helped to improve its approach to ensure the infrastructure development according to the united health resort concept taking into account specifics of health resorts, and needs of potential target groups. That was based on the learning from InnovaSPA GPs in Lithuania and Hungary, and additional direct consultations, which would not be possible without the InnovaSPA project.

This policy change is particularly targeting one city in Latvia - Liepaja, which has defined the development of health resorts and promotion of the health tourism as one of its priorities. This policy change and experience obtained through the InnovaSPA project will facilitate the development of infrastructure for creating a united health resort concept based on needs of target groups that will allow offering of a variety of a new medical tourism products and improve accessibility of preventive health

services for inhabitants of Liepaja, which should facilitate its competitiveness. Taking into account that this activity involved revitalization of territory, it will also have an effect for cleaner environment.

In addition, approach of operating spa and rehabilitation centres, and their accessibility to inhabitants of Debrecen, Hungary, provided ideas for developing a new concept for extending medical spa services based on thermal resources (mineral water and muds) provided by the Liepaja Hospital and to ensure an increased accessibility of these services for a general public.

Costs: EUR 914,368.02; resources provided by the Liepaja Municipality

The whole amount of the ERAF funding for the project is devoted to the establishment of a basic infrastructure for the development of a health resort area (EUR 914 368.02).

Timeframe: the project was approved for funding on 28.08.2020 and shall be completed by December 2022.

The InnovaSPA project partner – LU will continue to follow the cooperation and exchange of information with the Liepaja Municipality also during the 2nd phase of the project.

2. Learning for the Baldone Municipality Liepaja health resort infrastructure.

Representatives of the Baldone Municipality have actively participated in the Latvian InnovaSPA stakeholders' group and study visits. Particularly useful have been learnings about the use of natural resources (mud, sapropel) and their management in Lithuania, which were observed during the InnovaSPA study visit, July 2019.

Learning from good practices in Lithuania has resulted in the decision taken by the Baldone Regional Council 26th November 2019 about conducting a research on the most efficient way of the use of the local healing mud in order to ensure correct regeneration of the healing mud, while keeping their healing quality, as well as for using the healing mud in the forthcoming health resort of Baldone.

There are EUR 35 000 foreseen from the Baldone Regional Council project in order to carry out the aforementioned research and investigation of the use of healing mud of Baldone.

The company, which will do the investigation of the Pladu swamp has been contracted and started the feasibility study on February, 2021. Results of investigation show that main physical indicators of medical mud – mechanical and chemical indicators confirm to quality criteria and can be used for the mud therapy. Further decisions need to be taken by the Municipality about extraction and use of the medical mud. Representatives of the Municipality are considering to continue the exchange with Lithuania in order to find best solutions to use their resources, as well as to renew the resort status, which they historically had.

Date: _____

Signature: _____

Stamp of the organisation (if available): _____
