

# 1. STRATEGY

## 1.1. SWOT ANALYSIS

1. The SWOT analysis (strengths, weaknesses, opportunities and threats) is a widely applied method that enables a concentrated layout findings and conclusions reached under the section Analysis of Current Situation.
2. The following SWOT analysis is organised in accordance with the framework of fund assistance covering three areas of support and four horizontal priorities, and it revises the principal issues, a part of which are specified as sub-measures under the above areas and priorities. Information on administrative capacity is covered by a separate section in the SWOT analysis due to its horizontal character and limited track record in providing solutions to this issue.

Measures	Strengths	Weaknesses	Opportunities	Threats
<b>Human Capital and Employment</b>				
<b>- demographic trends</b>	<ul style="list-style-type: none"> <li>▪ Latvia has a balanced proportion of the male and female population</li> </ul>	<ul style="list-style-type: none"> <li>▪ The demographic situation is unfavourable in Latvia</li> </ul>	<ul style="list-style-type: none"> <li>▪ The increasing government-funded benefits to families with children will improve the demographic situation</li> <li>▪ The return to Latvia of the emigrant labour force is expected as a result of the economic growth</li> </ul>	<ul style="list-style-type: none"> <li>▪ An increase in emigration due to the removal of administrative barriers</li> </ul>
<b>- qualifications and competitiveness of the labour force</b>	<ul style="list-style-type: none"> <li>▪ A highly-qualified labour force is available in specific sectors</li> <li>▪ Low labour costs</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low productivity of the labour force</li> <li>▪ Non-conformity of skills and qualifications with the current labour market requirements</li> <li>▪ Entrepreneurs are not</li> </ul>	<ul style="list-style-type: none"> <li>▪ The development of a national life-long learning strategy and its six regional counterparts will promote the quality and mobility of the labour force</li> </ul>	<ul style="list-style-type: none"> <li>▪ Influenced by trends of globalisation, the low-cost labour force becomes an advantage of short-term development</li> </ul>

Measures	Strengths	Weaknesses	Opportunities	Threats
<b>- employment and unemployment</b>	<ul style="list-style-type: none"> <li>▪ High female employment</li> <li>▪ A stable and sustainable system of social protection social assistance and social services</li> </ul>	<p style="text-align: center;">motivated to make investments in training their current and potential staff</p> <ul style="list-style-type: none"> <li>▪ A high proportion of the long-term unemployed</li> <li>▪ A high youth unemployment rate (15-24 year olds)</li> <li>▪ A low self-employment rate, insufficient knowledge to start a business</li> <li>▪ Undeclared employment</li> <li>▪ Considerable social exclusion and risks related thereto</li> <li>▪ Discrimination by gender is observed</li> <li>▪ Limited possibilities to establish work-life balance</li> <li>▪ Distinctive gender segregation in studies leading to subsequent gender segregation in occupations and the labour market</li> </ul>	<ul style="list-style-type: none"> <li>▪ The development of social services as an alternative to those provided by state institutions</li> <li>▪ An integrated approach to gender equality and age equality in all national policies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase in social exclusion may result in growing numbers of children without primary education</li> <li>▪ Substantial increase in the proportion of persons receiving social services and social care</li> </ul>
<b>- education and training</b>	<ul style="list-style-type: none"> <li>▪ A developed network of higher and vocational education establishments</li> </ul>	<ul style="list-style-type: none"> <li>▪ No systematic analysis of the mid-term economic demand for vocational and</li> </ul>	<ul style="list-style-type: none"> <li>▪ Application of international (especially EU) experience and practices to improve</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continued inability of the education system to align with the labour market</li> </ul>

Measures	Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> <li>▪ A high general educational level of the population</li> </ul>	<p>higher education</p> <ul style="list-style-type: none"> <li>▪ Limited capacity of the educational system due to ageing infrastructure, insufficient activity of increasing qualification of teaching staff, as well as aging of teaching staff</li> <li>▪ Insufficiently developed career counselling schemes for young people</li> <li>▪ Ineffecient cooperation among vocational education establishments and employers</li> <li>▪ A low proportion of students of natural sciences and technology in vocational and vocational higher education</li> <li>▪ Limited opportunities of life-long learning (continuing education)</li> <li>▪ Insufficient infrastructure and qualifications of teaching staff to integrate students with special needs</li> <li>▪ Inadequate educational infrastructure and</li> </ul>	<p>the educational system</p>	<p>needs and requirements</p>

Measures	Strengths	Weaknesses	Opportunities	Threats
<b>- health care</b>	<ul style="list-style-type: none"> <li>▪ Successfully started reforms in the health care system</li> <li>▪ The scientific potential of medicine</li> </ul>	<p>equipment</p> <ul style="list-style-type: none"> <li>▪ A poor health condition of the general population</li> <li>▪ Rapidly growing occupational diseases, a high proportion of accidents at work</li> <li>▪ Inadequate quality and unequal accessibility of primary health care and emergency health care services</li> <li>▪ Insufficient emphasis on health promotion and preventive measures in the health care system</li> <li>▪ Reproductive health – a low priority in the context of improving the current demographic situation</li> <li>▪ A structural nonconformity of the health care staff to the development needs of the sector</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increasing awareness of the general population that a healthy lifestyle will result in higher quality of the labour force</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase in the direct payments by patients prevents providing timely health care services to a growing number of people in Latvia</li> </ul>
<b>Innovations and entrepreneurship</b>				
<b>- entrepreneurship</b>	<ul style="list-style-type: none"> <li>▪ Location in an economically and politically active region</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low business activity</li> <li>▪ Low initiative and lacking</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promotion of applied research to encourage the development of sectors of</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increase in competition in the traditionally leading</li> </ul>

Measures	Strengths	Weaknesses	Opportunities	Threats
	<p>providing the necessary preconditions to attract new cooperation partners</p> <ul style="list-style-type: none"> <li>▪ Integration of Latvia in the common market of the European Union, free movement of goods, services, capital and the labour force</li> <li>▪ The regulatory framework of entrepreneurship complies with the European Union requirements</li> <li>▪ The corporate income tax (and other costs) are the lowest in the EU</li> </ul>	<p>basic skills to start a business</p> <ul style="list-style-type: none"> <li>▪ A large proportion of enterprises in sectors of low value added and high consumption of natural resources</li> <li>▪ A large share of enterprises mainly produce for the internal (Latvian) market</li> <li>▪ Investments are accumulated in the traditional sectors (with low value added and high labour intensity and consumption of natural resources)</li> <li>▪ Inflexible financial instruments for promoting entrepreneurship</li> <li>▪ Location on the periphery of the EU</li> </ul>	<p>national importance</p>	<p>sectors of Latvia</p> <ul style="list-style-type: none"> <li>▪ Private investment outflow to potentially more resilient and active markets</li> </ul>
<p><b>- innovations</b></p>	<ul style="list-style-type: none"> <li>▪ Specific sectors feature highly-qualified human resources and scientific potential</li> </ul>	<ul style="list-style-type: none"> <li>▪ A small share of innovative enterprises</li> <li>▪ Weak cooperation of the private sector with research institutes, scientists and universities</li> <li>▪ A low proportion of entities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strengthening and promoting transboundary and international cooperation in the field of innovations</li> </ul>	<ul style="list-style-type: none"> <li>▪ The exodus of educated professionals and scientists to abroad</li> </ul>

Measures	Strengths	Weaknesses	Opportunities	Threats
		<p>involved in research and development activities</p> <ul style="list-style-type: none"> <li>▪ Weak transfer of technology</li> <li>▪ Low private investment in research and development, as well as innovations</li> <li>▪ Poorly developed specialised infrastructure to promote innovative activities</li> </ul>		
<b>- science</b>	<ul style="list-style-type: none"> <li>▪ Traditions of scientific activity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Obsolete scientific infrastructure</li> <li>▪ Insufficient cooperation between producer organisations and scientific institutions</li> <li>▪ Small number of patents</li> </ul>	<ul style="list-style-type: none"> <li>▪ The development of culture of science management</li> </ul>	<ul style="list-style-type: none"> <li>▪ The exodus of educated professionals and scientists to abroad</li> </ul>
<b>Infrastructure and services<sup>12</sup></b>				
<b>- energy</b>	<ul style="list-style-type: none"> <li>▪ A high level of renewable energy source in use</li> <li>▪ A well developed electricity distribution grid and international electric</li> </ul>	<ul style="list-style-type: none"> <li>▪ Inefficient and environmentally-unfriendly heat production technologies</li> <li>▪ Low energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Harnessing public-private partnership opportunities to encourage and accelerate the development of infrastructure</li> <li>▪ Opening the electricity and</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dependence on foreign energy sources</li> <li>▪ Technogenic risks (the cascading system of the river Daugava water power</li> </ul>

<sup>1</sup> For the SWOT analysis of the social sector infrastructure see the section on SWOT analysis of human resources

<sup>2</sup> For the SWOT analysis of the ICT infrastructure refer to the SWOT analysis of the information society

Measures	Strengths	Weaknesses	Opportunities	Threats
	<p>power transmission lines</p> <ul style="list-style-type: none"> <li>▪ Naturally formed underground gas repositories of strategic importance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Insufficient use of local and alternative energy</li> </ul>	<p>gas markets</p>	<p>plants)</p>
<b>- environment</b>	<ul style="list-style-type: none"> <li>▪ High-quality natural resources, including groundwater resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low accessibility to and quality of centralised water distribution services</li> <li>▪ Insufficient and inefficient waste water treatment</li> <li>▪ Insufficient waste collection, sorting and recycling effort</li> <li>▪ Scarcity of safe landfills for the storage of waste</li> <li>▪ A considerable number of inherited polluted areas and degraded industrial sites</li> <li>▪ Insufficient tourism infrastructure, especially in protected nature areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Harnessing public-private partnership opportunities to encourage and accelerate the development of infrastructure</li> <li>▪ Well-organised spatial planning</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of a complex assessment and strategy of technogenic and environmental risks</li> <li>▪ Increased pressure on the environment due to the extensive development of the capital city</li> </ul>
<b>- cultural and tourism infrastructure</b>	<ul style="list-style-type: none"> <li>▪ Rich cultural heritage (tangible and intangible) of high international acknowledgment and appraisal</li> <li>▪ Well-preserved local diversity and cultural</li> </ul>	<ul style="list-style-type: none"> <li>▪ Obsolete cultural infrastructure (museums, heritage sites and monuments etc.)</li> <li>▪ Underdeveloped tourism infrastructure</li> <li>▪ An insufficient range of</li> </ul>	<ul style="list-style-type: none"> <li>▪ The commencement of construction works of several large-scale cultural objects that will improve the quality of environment and promote national competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cultural activities will concentrate in large cities thus becoming less accessible</li> </ul>

Measures	Strengths	Weaknesses	Opportunities	Threats
	identity	complex tourism products on offer	<ul style="list-style-type: none"> <li>▪ Cultural heritage is an important asset in promoting cultural tourism and regional development</li> </ul>	
<b>- transport</b>	<ul style="list-style-type: none"> <li>▪ Optimum distribution of transport infrastructure</li> <li>▪ A large proportion of significant transport infrastructure is included in various projects of the EU importance</li> </ul>	<ul style="list-style-type: none"> <li>▪ A large number of traffic accidents</li> <li>▪ Deteriorating technical condition of road and rail infrastructure</li> <li>▪ Inefficient and non-competitive public transportation services in cities and commuter areas</li> <li>▪ Decreasing coverage of the railway network used for passenger carriage</li> <li>▪ Insufficient capacity of the passenger terminal of Rīga</li> <li>▪ Non-optimum capacity of port access roads</li> <li>▪ Outdated small port infrastructure</li> <li>▪ Non-optimum capacity of Rīga airport</li> <li>▪ Outdated infrastructure of regional airports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Harnessing public-private partnership opportunities to encourage and accelerate the development of infrastructure<sup>3</sup></li> <li>▪ Development of a common port policy aimed at diversification and more efficient use of ports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Competition of the neighbouring countries in providing transit services</li> </ul>

<sup>3</sup> NB: PPP is proposed in three consecutive sections. Any idea how to optimise?

Measures	Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none"> <li>▪ Low proportion of vehicles adjusted for use by persons with disability (mobility impairment)</li> </ul>		
<b>Public administration</b>	<ul style="list-style-type: none"> <li>▪ Up-to-date reforms have been implemented in numerous areas of public administration</li> <li>▪ An effectively operating policy planning system has been established in public administration</li> <li>▪ Improved and developed dialogue between the national and municipal level</li> <li>▪ Established cooperation structures to interact with social partners; Intense activities of NGOs in regions</li> <li>▪ Several e-government elements are well-developed in public administration</li> </ul>	<ul style="list-style-type: none"> <li>▪ Insufficient professional qualifications of employees in the public administration system</li> <li>▪ A common system of human resource development and management has not been introduced in public administration</li> <li>▪ Insufficiently coordinated and inefficient continuing education system of public administration employees</li> <li>▪ No quality management system introduced</li> <li>▪ Shortcomings in the alignment of policy-making with long-term planning documents</li> <li>▪ Insufficient public participation in the processes of public administration</li> <li>▪ No comprehensive</li> </ul>	<ul style="list-style-type: none"> <li>▪ A transfer to a mid-term planning scheme for the state budget.</li> <li>▪ Establishing the EU initiatives and priorities in the area of public administration;</li> <li>▪ Participation in the public administration networks of the EU countries</li> <li>▪ The exchange of experience with other countries and organisations in issues related to public administration.</li> <li>▪ Support of the EU and other cooperation partners aimed at improving the performance of public administration</li> </ul>	<ul style="list-style-type: none"> <li>▪ The migration of public sector employees to other sectors or countries</li> <li>▪ The slow progress of the administrative-territorial reform and regional reform</li> </ul>

Measures	Strengths	Weaknesses	Opportunities	Threats
		<p>information available about the level of public satisfaction with public services</p> <ul style="list-style-type: none"> <li>▪ Regional and municipal administrations lack knowledge, skills and know-how in planning development</li> <li>▪ Social partnerships are underdeveloped</li> </ul>		
<b>Sustainable development</b>	<ul style="list-style-type: none"> <li>▪ High-quality, environmentally clean, sparsely-populated environment</li> <li>▪ Sufficient forest, land and water resources</li> <li>▪ Preserved biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>▪ Weak integration of the environmental policy in sectoral policies</li> <li>▪ A considerable proportion of environmental infrastructure is incompliant with the EU requirements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Prospecting new oil and gas deposits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lack of a strategy and assessment of technogenic risks</li> <li>▪ Transboundary pollution</li> </ul>
<b>Economic stability</b>	<ul style="list-style-type: none"> <li>▪ High GDP growth</li> <li>▪ Low budget deficit</li> <li>▪ Low public debt</li> </ul>	<ul style="list-style-type: none"> <li>▪ Rapidly increasing inflation</li> </ul>	<ul style="list-style-type: none"> <li>▪ A favourable environment for investment and the accelerating private investment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risks of overheating the economy</li> </ul>
<b>Balanced regional development</b>	<ul style="list-style-type: none"> <li>▪ Even distribution of urban areas</li> <li>▪ Even distribution of transport infrastructure</li> <li>▪ The favourable</li> </ul>	<ul style="list-style-type: none"> <li>▪ Disparities in socio-economic development of the capital city of Rīga compared to the rest of Latvia</li> </ul>	<ul style="list-style-type: none"> <li>▪ Establishment of regional governments with relevant functions and funding</li> <li>▪ Rīga – the metropolis of the Baltic Sea region</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continued decrease in population in particular areas of the country</li> </ul>

Measures	Strengths	Weaknesses	Opportunities	Threats
	<p>geographical location of the capital city of Rīga</p>	<ul style="list-style-type: none"> <li>▪ Disparities in the availability of services</li> <li>▪ Weak development of local centres (villages and towns)</li> <li>▪ The migration of human resources from rural areas to cities.</li> <li>▪ Low internal mobility of the labour force</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cooperation between Euroregions, transboundary cooperation</li> </ul>	
<b>Information society</b>	<ul style="list-style-type: none"> <li>▪ A stable growth rate in the IT sector</li> <li>▪ A high growth rate of Internet users</li> <li>▪ The development of information systems of the main national registers has been completed</li> <li>▪ Active development of e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unevenly developed ICT networks, limited availability of Internet access, especially broadband services</li> <li>▪ The limited range of e-government services is a disincentive for the promotion of the information society</li> <li>▪ Shortage of ICT skills of those to become part of the information society processes</li> </ul>	<ul style="list-style-type: none"> <li>▪ The availability and quality of ICT service is expected to improve as a result of increasing competition</li> </ul>	<ul style="list-style-type: none"> <li>▪ The monopolisation of the electronic communications sector</li> <li>▪ Widening of the “digital gap”</li> </ul>

## NSRF STRATEGY

3. The task of the NSRF strategy is to define the absorption objectives and priorities of the SF and CF for the 2007-2013 programming period.
4. The NSRF strategy is based on the main principles and guidelines of Community Strategic Guidelines for Cohesion (CSG), National Development Plan 2007-2013 (NDP), Lisbon National Reform Programme of Latvia (LNRPL), and the Joint Economic Strategy (JES).
5. The NSRF strategy is aimed at efficient attraction of the SF and CF funding for the promotion of economic and social development of the country, as well as for the encouragement of balanced territorial development, hence pursuing the common national development goals and contributing to the implementation of the EU strategies for growth and jobs (Lisbon), as well as promoting sustainable growth (Göteborg).
6. The NSRF strategy covers only those priorities that will be implemented through attracting the EU fund co-finance. However, the implementation of the strategy must not be viewed separately from the overall national development policy and measures set for implementation independently from assistance derived from the EU funds, e.g., measures to be financed from national, municipal and other sources of funding, or measures not directly related to financial investments, but rather to modifications and changes in sectoral policies, regulatory enactments, or administration. The above measures are detailed in the NDP, LNRPL, JES and other policy planning documents.

### **The main principles for the Strategy**

7. *Continuity* – by commencing the implementation of the SF and CF in 2004 Latvia has set achievable mid-term and long-term objectives, as well as a range of priorities that are detailed in the SF Single Programming Document (SPD) and the CF Reference Framework for the 2004 – 2006 financing period. The SF and CF interventions have to continue the commenced investment effort in areas where the set restructuring goals have not been accomplished yet. The SF and CF assistance for the period 2007 – 2013 must function as logical continuation of investments already made or being made during the NSRF drafting phase, furthermore, the assistance has to be based on experience and results of the 2004 – 2006 period.
8. *Strategic approach and multi-annual planning* – the funding absorption strategy must be based on a seven-year policy planning cycle and derived from the analysis of current situation, identified problem areas, on the basis of which a development investment strategy is elaborated, as well as measurable objectives and results to be achieved are identified.
9. A strategic approach to the absorption of the EU funds may be ensured only on condition that the *principle of concentration* is observed. Although the financial assistance of the SF and CF made available to Latvia might be substantial, it is still aimed at providing co-finance to national financial contributions committed to address issues of concern. Consequently, to ensure maximum efficiency and increased impact of the SF-supported investments on the economic and social growth of the country, Latvia must ensure targeted and focussed application of funding made available by prioritising the supported areas and concentrating the EU fund assistance in the areas of highest necessity and, at the same time, most considerable return. It must be acknowledged that the SF and CF funding, administrative capacity and time resources for the 2007 – 2013 are limited, hence the inevitable requirement to select a limited number of key measures for assistance where the potential of achieving the set development goals is the highest.
10. *Additionality* – the SF and CF investment for national development may not substitute national investment effort financed from the state budget up to the current period. The SF and

CF assistance must act as additional support in areas, where the state is currently making investments, or in areas, where the state has defined a clear reform and development strategy aimed at economic and social growth, the implementation of which can be leveraged by the SF and CF funds.

11. *Public-private partnerships* – the limited national and municipal finance for the implementation of public investment projects translate into insufficient maintenance and development of infrastructure that may cause negative economic consequences, thus reducing the public sector efficiency, value of national assets and their economic returns. By seeking potential resources for further development of infrastructure and services, a new public and private cooperation model has evolved – public-private partnerships (PPP) that are based on the capacity of the model to combine the strengths of both sectors through harnessing the innovative potential of a private entrepreneur in providing services and rationally using the budgetary finance. Furthermore, due to scarcity of public funding it is of critical importance to promote efficient management and application of the above financial resources by exercising the advantages of the private sector. Consequently, the application of the PPP model must be promoted in the SF and CF absorption process.

### **Interrelation of the Strategy and SWOT Analysis**

12. Analysis of Current Situation and SWOT Analysis sections of the NSRF identify a range of challenges and socio-economic development problems of the country. The function of the NSRF strategy is to explain how the nation could respond to the identified situation by using the SF and CF assistance and eliminating the detected problems, reducing potential threats, as well as building the future growth on the foundation of strengths and development potential. According to the SWOT analysis, the main challenges for development, which the nation is expected to address in the 2007 – 2013 period, are the following:
  13. As for the human resource area, Latvia will have to pay due regard to unfavourable demographic conditions, high unemployment rate and risks of social exclusion that demonstrate a range of current or future problems of human capital. The labour market trends also suggest that the Latvian labour force demonstrate weak readiness to work for the low salaries and wages offered to unskilled labourers and public sector employees. At the same time the labour force lack skills, qualifications, information and mobility options to fill the open vacancies requiring high qualifications. Exercising the human resource potential efficiently and at full scope is impeded by the imbalance between labour supply and demand caused by shortcomings and deficiencies in the education system. Furthermore, the poor population health status looms large as a threat to the overall quality of human resources. As the national development strategy is based on the framework of the long-term document “Model for Growth of Latvia: Individual First”, which was approved by the Saeima<sup>4</sup>, creating preconditions for the development and efficient utilisation of human resources is one the central elements of the NSRF strategy.
  14. As regards economic development, Latvia has gained considerable benefits from the integration in the European Union, having better access to markets, and improving business legislation. However, the economic activity rate is still low in the country, business competition is limited, the economy is currently based on the traditional sectors featuring high labour-intensity and consumption of natural resources, as well as low added value. Although the economy of Latvia represents a number of sectors with high potential of scientific activity, research, innovation- and knowledge-based production, their share in the economy is still too small. Consequently, the NSRF strategy must particularly address those conditions of development that exhibit high potential of stimulating economic activities and increasing

<sup>4</sup> Saeima – the Parliament of the Republic of Latvia. *Translator’s note*

competitiveness, fostering economic restructuring and progress towards a knowledge-based economy.

15. In general terms, Latvia has favourable preconditions for balanced and sustainable development, e.g., even geographical distribution of urban areas in the territory of the country, a pre-requisite for the development of a polycentric state, high-quality and sparsely-populated environment, satisfactory conditions of local natural resources, and optimum distribution of transport infrastructure. At the same time the further growth of economy and sustainable territorial development are impeded due to deteriorating infrastructure, inability to meet quality requirements set by the economic growth, low quality and availability of public services. The NSRF strategy is aimed at reducing the risks posed by infrastructure and public service gaps that threaten the rapid future growth of the economy and have a negative impact on quality of life of communities in different areas of the country.

### **Objectives and Priorities**

16. The tasks of the SF and CF support for the 2007 – 2013 period is to foster accelerated economic growth of the nation and approaching the average EU level of welfare. The above objective is measured in terms of determination to achieve the average EU level of gross domestic product (GDP) per capita. In order to achieve the set target, Latvia must retain an annual GDP growth rate of 6-8% for the 2007-2013 period. In order to meet the objective, the employment rate must be increased already in the period 2005 – 2008 to 65%, whereas the employment rate for women must grow to 61% and the same indicator for the pre-retirement age population must reach 48%.
17. For Latvia to catch up and align with the rest of the EU in development, the fund assistance should be applied to leverage the implementation of the national development strategy, defined by the government in the National Development Plan (NDP). The NDP has put an educated, creative and motivated individual at the centre of the national development strategy; the main objective of the NDP is an economy that is based on education, science and competitive enterprises. Consequently, the SF and CF support in the period 2007-2013 will primarily be committed to educational measures for the general population, technological excellence and flexibility of enterprises, as well as the development of science and research activities to promote the formation of a knowledge-based economy. In addition to the achievement of the strategic objective, it is also crucial to apply the SF and CF assistance to strengthen other important preconditions of sustainable economic development, as well as improve the overall living conditions for the population in Latvia.
18. In order to achieve the above overall objective, the SF and CF investments are planned under the following three thematic axes:
  - development and efficient utilisation of human resources;
  - strengthening competitiveness and progress towards a knowledge-based economy;
  - improvements in public services and infrastructure as a precondition for balanced national and territorial development.
19. In addition to the above thematic axes in the application of the SF and CF funding, horizontal priorities are of critical importance, such as balanced territorial development, fostering macroeconomic stability, equal opportunities and sustainable development, as well as the promotion of information society.

### ***Thematic Axis 1 – Development and Efficient Utilisation of Human Resources***

20. Latvia has undertaken to achieve the over-arching employment objectives of the Lisbon Strategy: full employment, quality and productivity at work, as well as strengthening social

cohesion and inclusion. At the same time, the NDP has identified assistance to an educated and creative person as a priority that is based on the following measures:

- high-quality primary education, mandatory secondary education and accessible higher education;
- modernisation of the educational infrastructure;
- training of the workforce according to the labour market requirements;
- efficient utilisation and life-long development of the creative potential of an individual.

21. Whereas the NSRF strategy has acknowledged education and knowledge as the most important resources to drive the future economic growth of the country and the current demographic situation suggests no quantitative increase of the population in the coming decades, special attention must be paid to efficient utilisation and further development of human resources in the period 2007-2013.
22. As for the efficient utilisation of human resources, providing adequate education, increasing qualifications and upskilling, and ensuring training for the young workforce are important preconditions. For the period 2007-2013 the most important task is to increase the adaptability of the education system to the constantly changing labour market requirements, as well as ensure its capacity to produce a labour force meeting the needs and trends of future economic development and progress towards a knowledge-based economy. To implement the above task, substantial improvements are required both in the quality and accessibility of education, including the accessibility of education to people at risk of social exclusion. Improvements to the quality of education require considerable support from the SF for educational curricula, infrastructure, materials and technical facilities (teaching materials, facilities, equipment). Improving the teaching staff and their qualifications, especially reviving the academic and applied science personnel, is of equal importance. In this area, the assistance for improvements in public services and infrastructure (Thematic axis 3) and investments in human capital (Thematic axis 1) must be mutually coordinated and complementary to each other. To foster territorial development in the entire area of the country, development centres for human capital must be strengthened also outside the capital city of Rīga.
23. The promotion of upskilling of the economically active population is of equally high importance, as it contributes to increasing competitiveness of individual enterprises and the country in general. The above task can be achieved by fostering work-based retraining and continuing education, support to upskilling the staff members of companies in various training programmes and courses, as well as promoting support provided by enterprises to its employees for receiving academic education. To increase productivity at work and the economic activity of the population, the SF assistance is important also in sectors such as education and motivation measures for business start-ups. In this area the support for strengthening competitiveness (Thematic axis 2) and investments in human capital must be mutually coordinated and complementary to each other.
24. The need to maintain the employment growth rate and ensure a labour force participation indicator of 67% by 2010 requires Latvia to implement inclusive labour market measures. For the purpose of maximising the efficiency and utilisation of the entire economically active population as a national development resource, it is essential to utilize the SF support for the integration of unemployed persons, especially young unemployed persons, groups at risk of social exclusion, jobseekers in the labour market, as well as for stimulating the economic activity of persons at pre-retirement age. To achieve the target, it is necessary to improve the quality and diversify the range of active employment measures, as well as to develop such a system of social services that would enable better integration of the the relevant target groups in the labour market. Eradication of any type of discrimination in the labour market is an efficient measure to increase the employment rate. Furthermore, there is a need to reduce the employment and unemployment rate disparities characteristic to different geographical areas

of the country. In addition to the above measures, relevant technical support (Thematic axis 3) must be granted to the main institutions providing employment, social inclusion and social care services, in order to improve their efficiency.

25. An important factor in providing the necessary labour force to the economy is the health of people. By using the SF support to leverage the implementation of health promotion measures and preventive measures, as well as measures aimed at improving the quality and availability of health protection services, costs incurred by the country's labour force and human resources in general due to the health-related problems would be gradually decreased. In this area the support to improvements in public services and infrastructure (Thematic axis 3) and investments in human capital (Thematic axis 1) must be mutually coordinated and complementary to each other.
26. The capacity of national, regional, municipal and local public administration to elaborate, implement, monitor and evaluate sectoral and territorial development policies is a critical precondition for the national development. Consequently, it is important to provide the SF assistance for the administrative capacity building process to be implemented through investments in the human capital of public administration. For the 2007-2013 period, particular attention must be paid to the administrative capacity building in the institutions that elaborate and implement policies determining the country's development and progress towards a knowledge-based economy. At local and regional level, sufficient attention must be paid to institutions that will evolve and develop as a result of the administrative-territorial reform.

### ***Thematic Axis 2 – Strengthening Competitiveness and Progress towards a Knowledge-based Economy***

27. One of the main economic policy objectives of Latvia is the establishment of an efficient and competitive structure of sectors that operate on the basis of locally available resources. For the period 2007-2013, it is essential to secure that total GDP includes an increased proportion of knowledge-based products with high added value. The possibility to achieve the set objective is conditional upon the ability to increase productivity, high-added-value production, export capacity among the existing manufacturers and service providers, as well as the formation of new knowledge-based and technology-intensive enterprises.
28. In this context the NDP sets a priority to promote technological excellence and flexibility in enterprises and proposes the following measures to implement the above priority:
  - commercialisation of applied science, transfer of innovations and technology;
  - formation of new and competitive enterprises;
  - application of knowledge to increase the competitiveness of enterprises;
  - development of creative industries;
  - sustainable and efficient use of natural and energy resources;
29. and a priority to develop science and research, proposing the following measures thereunder:
  - excellence of academic science;
  - revival of academic and applied science potential;
  - updating scientific infrastructure in institutes and higher educational establishments.
30. The achievement of the above objectives can be leveraged by the SF support for the development of scientific and research potential, transfer of knowledge and increasing the level of innovations, as well providing focussed assistance to strengthening the competitiveness of enterprises.

31. For efficient application and future development of the scientific and research (S&R) potential of Latvia, it is crucial to make use of the SF funding to revive and extend human capital of S&R and to create preconditions for scientific research in prospective sectors. A precondition of high importance requiring the SF funding is the development of relevant scientific infrastructure, as well as a research support system. For the SF funding to achieve the set objective and ensure earlier return on investments, it is crucial to focus allocations to research centres and sectors clearly demonstrating, inter alia, international potential, as well as prospects of development. At the same time, support must be provided for the commercialisation of applied science and transfer of technologies, as well as for the attraction of private capital to conduct applied research in science.
32. In order to improve the indicators of productivity and high-added-value production in the existing companies, creation of new competitive firms, as well as boosting knowledge-based economic activities in general, it is essential to create preconditions for the transfer of knowledge and technologies, absorption of modern technologies, introduction of modern products and technologies in production practices. It requires the application of the SF support to lay the necessary intellectual, institution and financial foundation for innovations and transfer of knowledge, to promote the development of clusters that, apart from their entrepreneurial constituent elements, involve scientific, research and educational bodies. It would also comprise support to develop a dialogue among entrepreneurs, educational establishments, scientific institutions and public administration, as well as assistance for poles of technological excellence (scientific institutes capable of conducting world-class research activities and thus attracting interest from international enterprises), as well as competence centres that ensure cooperation among research institutes, higher educational establishments and enterprises of one particular sector in a specific geographical area.
33. The improvement of economic activity indicators by promoting new enterprise births, self-employment, strengthening competitiveness and fostering the development of existing companies, is a priority of equal importance, especially applicable to remote geographical areas outside the capital city of Rīga. To increase competitiveness, it is essential to foster the reorganisation of enterprises to focus on high technology products or products of high added value. The objective of the EU funds in this area is to provide solutions to issues such as the improvement of business infrastructure, availability of new technologies, access to information and advisory services, strengthening export capacity. An important objective in the development of entrepreneurship is to foster investments in the introduction of environment-friendly manufacturing technologies and compliance with environmental standards in business activities. Strengthening competitiveness and promoting the development of a knowledge-based economy is closely interrelated with measures aimed at the development of human resources and infrastructure. Consequently, Thematic axis 2 must be strongly associated with Thematic axis 1 and Thematic axis 3.

### ***Thematic Axis 3 – Improvements in Public Services and Infrastructure as a Precondition for Balanced National and Territorial Development***

34. The accessibility of the country and its attractiveness to both entrepreneurs and general public is a precondition for sustainable development of Latvia and progress towards a knowledge-based economy. In the aspect of human resources, it is of critical importance to ensure adequate quality of education, work and life to people irrespective of their area of residence. In the economic development perspective, a potential situation, when insufficiently developed infrastructure and public services hamper rapid economic growth, must be strictly avoided. The NDP sets an objective to create preconditions for life, social and economic activities of people and proposes the development of infrastructure as a priority.

35. Considering the high investment absorption capacity of infrastructure, vast time resources required for the implementation procedures, as well as the focus of the national development strategy on economic development based on education, science and competitive enterprises, special attention for the period 2007-2013 must be paid mainly to investments in infrastructure and services that have a direct and immediate impact on the implementation of this strategy.
36. The SF contribution to the national infrastructure is a critical measure for its development that, consequently, ensures the development of human capital. In this case, the modernisation of educational infrastructure is the most important factor to foster the development of human resources, as well as educational attainment and skills of the labour force that are critical for growth and progress towards a knowledge-based economy. Investments in educational infrastructure, materials and technical facilities (teaching materials, equipment, facilities, hardware) must ensure that vocational education, study activities and research are provided an adequate material and technical environment commensurate with updated educational curricula and comparable to working circumstances at innovative enterprises of the specific sector. The above is expected to make substantial improvements to the educational quality thus fostering education and training of highly qualified professionals meeting the current labour market requirements. At the same time, investments are also required in the infrastructure of such service sectors as employment, social protection, health care and health promotion – the above play a role in the development of human resources.
37. The existence of effective and widely available information exchange mechanisms is a precondition for the development of information society and knowledge-based economy. It is an argument in favour of new, efficiently coordinated investments for the development of ICT infrastructure and services, increasing the availability of public networks, as well as improving ICT and information processing skills. In this area, assistance provided for the ICT infrastructure and services (Thematic axis 3) and investments in human capital (Thematic axis 1) must be coordinated and complementary.
38. The SF and CF assistance in the transport sector must be aimed at increasing the accessibility of the country in general and its various areas in particular. At the same time it must be ensured that the increase in the capacity, quality and safety of transport infrastructure is commensurate with requirements set by the growing economy. To observe the above condition, quality improvements and developments are necessary in transport infrastructure of international importance (roads, railways, ports, airports), in regional and local transport infrastructure (mainly roads), as well as in the public transportation system.
39. Investments in environmental and energy infrastructure, including heat supply infrastructure, must be made to ensure substantial improvements in the coverage, quality, cost efficiency and sustainability of the services provided. In addition to the need to implement the EU legislative requirements and objectives pertaining to environmental protection, it is important to secure that investments increase the economic attractiveness of specific geographical areas to investors and visitors, as well as provide adequate quality of life for communities in these areas.
40. Pristine natural areas, biodiversity, cultural and historical heritage represent a resource that can be adapted to increase the economic potential of the country and its specific areas. Consequently, the SF and CF support in this field should leverage infrastructure and public service improvements related to the above resources, thus enabling the attraction of further investments (especially private investments) and increase in economic activity of the surrounding areas. Environmental risks and inherited contaminated sites have serious implications in the territorial development processes.

## **Horizontal Priorities**

41. *Balanced territorial development* – to ensure balanced territorial and sustainable development of the nation, it is of critical importance to reduce disparities between the levels of development in various areas of the country, especially, disparities between the capital city region and other areas, by implementing a polycentric development model. Enforcing a homogenous distribution of urban areas enables the formation of a structure where development centres of national importance are complemented by important regional, municipal and local development centres. The task of development centres is to serve as drivers of social and economic growth in their respective areas, as well as fulfil the functions of public service centres. The SF and CF assistance must aim to reduce the unfavourable socio-economic trends by providing support to national, regional, municipal and local development centres.
42. *Macroeconomic stability*– the macroeconomic stability of the country is dependant on the economic capacity to maintain the growth rate and ensure the sustainability of such growth. Consequently, the SF and CF investments must focus mainly on the productive sectors capable of contributing to overall growth of the economy in a medium- and long-term perspective. The SF and CF interventions for improvements in public services and infrastructure must play an essential role in promoting the cost efficiency of the above sectors thus strengthening the financial sustainability of the nation. The application of public-private partnership solutions in various development projects of public interest will be an important condition for a sustainable financial policy in the period 2007-2013. To this end, special support must be provided to those SF and CF co-financed initiatives that mobilise private funding in addition to public funding (EU and Latvian).
43. *Equal opportunities*– eradication of any kind of gender, race, ethnic, religious, belief-based, disability, sexual, or age discrimination and ensuring equal opportunities for all groups is a horizontal principle to be respected in all areas of the SF and CF intervention.
44. *Sustainable development* –rational use of natural resources and protection of environment for the next generations is a precondition for national development. Consequently, the application of the SF and CF funding must consider the necessity to reconcile the economic growth and use of natural resources, to avoid the economic and social progress being made at the expense of overexploiting natural resources and degrading environmental quality. To achieve the above objective, the provision of the SF and CF support requires environmental impact assessment for all major investments in infrastructure, promotion of environment-friendly technologies in projects co-financed by the SF and CF, introduction of environmental standards in production processes, as well as innovations in the environmental sector.
45. *Information society*– the development of the information society is closely related to the progress towards a knowledge-based economy and knowledge society, as it determines access to knowledge as the main resource for national development. Consequently, an important SF priority for the period 2007-2013 is to improve the availability of public services through ICT, to apply ICT solutions to create new jobs, foster the development of innovations and entrepreneurship. Action must be taken to bridge the “digital gap” in the society, which is determined by inaccessibility of informational and knowledge resources due to remoteness of residence, limited incomes, or insufficient skills of certain groups in the society. To this end, the SF funding must increase availability of ICT in terms of infrastructure and ICT user skills.

### **Link between the Strategy and OPs**

46. To achieve the above objectives, the SF and CF investments will be managed through three operational programmes:
  - ESF OP for Employment and Investments in Human Resources,
  - ERDF OP for Entrepreneurship, Innovations, Science and Research,
  - ERDF and CF joint OP for Improvements in Infrastructure and Public Services.

47. Each OP comprises priorities and measures that contribute to the implementation of the NSRF strategy in accordance with the specific requirements of the relevant fund (CF, ESF, ERDF) and regulatory restrictions pertaining to eligible areas of assistance. Although the structure of OPs largely corresponds to that of the NSRF strategy with its 3 thematic axes, OPs also include measures that seek the implementation of objectives under more than one thematic axis. Each OP is designed to meet the requirements of the horizontal priorities in accordance with the specifics of the relevant fund. The compliance with and implementation of the horizontal priorities must be ensured through the introduction in each OP of appropriate measures or activities, developing specific project selection criteria, as well as securing an adequate monitoring scheme for verifiable indicators pertaining to the horizontal priorities.

## 2. DESCRIPTION OF OPERATIONAL PROGRAMMES

### 2.1. „HUMAN RESOURCES AND EMPLOYMENT”, EUROPEAN SOCIAL FUND OPERATIONAL PROGRAMME

48. Article 158 of the Treaty sets out one of the main objectives of the European Community, namely, to promote its overall harmonious development and to strengthen the economic and social cohesion of the Community. The above objective of Article 158 is in line with Article 146 of the Treaty that provides for the establishment of the European Social Fund, the main task of which is to support the economic and social cohesion in the area of human resources.
49. Investments made in human resources by fostering employment, developing education, social inclusion, social dialogue and social partnership, serve to promote the economic and social cohesion and thus also contributes to the objective of harmonious development of the Community.
50. Community Strategic Guidelines regard investments in human resources as a key factor to achieve the Lisbon agenda. In the context of the European Social Fund, CSG provides for investing in the drivers of growth and employment, as well as in the promotion of improved governance.
51. The Lisbon National Reform Programme of Latvia sets out priority activities aimed at the following areas – promotion of an inclusive labour market, fostering economic activities in backward regions, addressing the problem of undeclared work, improving educational and training opportunities.
52. The priority activities of CSG and LNRPL are also set out in the National Development Plan by defining the development of an individual as the central objective and, for the purpose of national development, requiring the implementation of measures directly or indirectly fostering the development of an individual and thus also of the entire society.
53. In addition to the above strategic documents, the EU and Latvian policy on employment and investments in human resources is set out in the following documents:
- Community Lisbon Strategy;
  - EC Memorandum on Life-long Learning;
  - Latvian National Action Plan on Eradicating Poverty and Social Exclusion;
  - National Action Plan on Employment;
  - Concept Paper on Educational Development 2006-2009;
  - Development Guidelines for Higher Education, Science and Technology 2002-2010;
  - Policy Guidelines on Disability and Reducing its Consequences 2005-2015.

#### OP Objective

54. In order to promote sustainable development of Latvian economy and achieve the employment objectives of the LNRPL, support of the European Social Fond will be provided to activities aimed at achievement of full employment, fostering of productivity at work, social cohesion and inclusion, strengthening of the social dialogue and social partners, as well as ensuring accessibility of education and training at all levels.

## OP Measures

55. The OP is focussed on the following areas:
- Promoting employment and productivity at work;
  - Development of education;
  - Social inclusion;
  - Capacity building of public administration and social partners, introduction of the principles of better regulation in the public administration.

### *Promoting Employment and Productivity at Work*

56. This area is of critical importance for the national development, as the development of employment facilitates overall economic progress, growth, competitiveness, welfare of the society and individual.
57. In the sphere of employment Latvia predominantly faces such issues of concern as non-conformity of skills and qualifications with the current labour market requirements, declining economically active population and ageing of the labour force, undeclared employment, low proportion of the self-employed in the total number of the employed population, considerable regional disparities, high unemployment rate of low-skilled people, horizontal professional segregation, gender pay gap.
58. In accordance with Community Strategic Guidelines, Member States are set the following policy priorities in the area of employment:
- Attract and retain more people in employment and modernise social protection systems;
  - Improve adaptability of workers and enterprises and the flexibility of the labour market;
  - Increase investment in human capital through better education and skills.
59. Based on the above priorities of Member States and CSG provisions, due regard must be given to investments in the capacity building of public administration.
60. The LNRPL sets the following priorities for employment:
- Promotion of an inclusive labour market;
  - Stimulating economic activities in regions lagging behind;
  - Increased efforts to solve the problem of undeclared work and stimulating people to embrace the formal economy.
  - Education and training, increasing opportunities for retraining and improving qualifications.
61. The above priorities are also highlighted in the National Development Plan, placing special emphasis on the task of reducing poverty and social segregation. The NSRF investments in employment correspond to the following NDP strategic measures and sub-measures: Efficient Application and Life-long Development of the Creative Potential of an Individual, and Inclusive and Retaining Labour Market (including Access to Jobs and Their Diversity in Regions, and Support for Promotion of Employment).
62. The employment policy of Latvia is closely related to and based on the EU policy. Based on the Integrated Guidelines for Growth and Jobs, approved by the Council on 12 July 2005, Latvia has developed its Lisbon National Reform Programme 2005 – 2008. Employment Policy Guidelines represent an integral part of the document thus aligning the measures to achieve the Lisbon objectives with the current socio-economic situation of Latvia and its specific problems.

63. It must be noted that substantial resources are being contributed for the promotion of employment, paying special attention to groups of people at risk of social exclusion and low-skilled persons, addressing the above issues through, inter alia, ESF co-financed activities.
64. To address the above issues, the ESF support will focus on the following areas: improving, diversifying and extending the range of active employment measures, training, advisory services and financial support for business start-ups, as well as boosting productivity at work by means of work-based training, increasing competitiveness of unemployed persons, especially groups of people at risk of social exclusion and people with poor Latvian language skills, stimulating economic activity in regions that are lagging behind, especially fostering entrepreneurship and self-employment, as well as strengthening associations between public bodies and social partners to address the issue of undeclared work, training, advisory services and financial assistance to business start-ups, as well as improving productivity at work by promoting work-based training.

### ***Development of Education***

65. Educational development is vital to enable education to keep up with the economic growth and adapt to the increasing labour market requirements with regard to professional qualifications, to stimulate sustained growth, competitiveness, quality and productivity of human resources as set out by the Lisbon strategy objectives.
66. The main problems identified in education in Latvia are the following:
- A large proportion of pupils with low basic skills, insufficient proportion of individuals with a high level of competencies, as well as a considerable share of young people entering the labour market without qualification and basic knowledge and skills necessary for continuation of education;
  - Insufficient career counselling and career-related education for young people;
  - Insufficient participation of young people in secondary education, disproportional general and vocational education opportunities, poor image of vocational education and insufficient quality of education, especially in vocational and higher education, to ensure adequate competitiveness of the labour force and innovative entrepreneurship;
  - Lack of a clearly defined medium-term economic demand and requirements for vocational and higher education, insufficient social dialogue at the regional and sectoral level;
  - Insufficient cooperation of educational establishments and employers;
  - Ageing and lack of academic personnel and teaching staff;
  - Insufficient life-long learning, retraining and professional development opportunities for people of different age groups;
  - Educational establishments are not adequately equipped for people with functional disorders, there are insufficient resources to address needs of students with different types of disability, low support for the promotion of a healthy lifestyle;
  - Insufficient accessibility of education, professional and social skills training for groups at risk of social exclusion.
67. CSG establish a close link between the educational development and promotion of employment. The central task of educational developments is the provision of high-quality and accessible education and training at all levels for the entire life of an individual.
68. The LNRPL sets the following priorities for educational development:
- Strengthening the capacity of the educational system to adapt to the changing labour market requirements, increase participation and responsibility of municipalities and employers in ensuring the availability of education;

- Increasing the availability of higher education and its conformity with the labour market requirements;
  - Increasing the availability of education at all levels;
  - Reducing the number of drop-outs;
  - Improving the system of life-long learning.
69. The above priorities are highlighted by the National Development Plan, placing special emphasis on the task of developing vocational education, especially in regions, at the same time ensuring its conformity with requirements of the labour market. The NSRF educational development measure corresponds to the following NDP strategic measures and sub-measures: Educated and Creative Individual (including High-quality Primary Education, Mandatory Secondary and Accessible Higher Education, Training the Workforce to Meet Requirements of the Labour Market, and Efficient Application and Life-long Development of the Creative Potential of an Individual) and Excellence of Academic Science.
70. The main policy guidelines in education are determined by the Concept Paper on Educational Development 2006-2009 that is based on principles of the Development Guidelines for Higher Education, Science and Technology 2002-2010, EC Memorandum on Life-long Learning and other strategic documents of the EU and Latvia. The main objective of educational development is to establish a balanced educational system that enables the formation of a knowledge-based, democratic and socially integrated society, promotes the competitiveness of Latvian people and economy by integrating into the educational space of Europe concurrently with preserving and developing the traditional cultural values of Latvia.
71. To address the above issues, the ESF support will primarily focus on the following areas: measures aimed at promoting the quality, accessibility and attractiveness of vocational education, strengthening the image of engineering, natural sciences, medicine and other fields of education necessary for Latvia and improving their study facilities, improving qualifications of academic and teaching staff, developing teaching methodology and social rehabilitation programmes, inter alia, for young people with special needs, alignment of educational services for groups of people at risk of social exclusion, improving the system of professional career counselling, promotion of cooperation between employers and educational establishments, as well as developing continuing education and life-long learning.

### ***Social Inclusion***

72. This area is essential for the national development, as support to various measures of social inclusion promotes the development of an inclusive labour market, reduces social segregation, and increases individual and community welfare.
73. The main problems of social inclusion in Latvia are the following:
- Insufficient amount, diversity, quality and accessibility of social care, social and professional rehabilitation services;
  - Insufficient number of professionally educated social care specialists in social assistance services and institutions providing social care services;
  - Limited opportunities for persons with potential disabilities to assess individual requirements and capacity for work;
  - Insufficient accessibility to education, professional and social skills training for groups at risk of social exclusion.
74. Community Strategic Guidelines establish a close of link between the employment promotion policy and addressing issues of social exclusion. CSG call for an even broader range of support to build pathways to integration and combat discrimination, by proposing the following tasks in the area of social inclusion:

- Enhancing participation of groups of people at risk of social exclusion in vocational education and training programmes;
  - Developing appropriate rehabilitation programmes and social services;
  - Combating discrimination and promoting tolerance and the acceptance of diversity in the workplace through diversity training and awareness-raising campaigns for the public.
75. The LNRPL sets the following priorities for social inclusion:
- Promotion of an inclusive labour market to increase the competitiveness of unemployed persons, especially groups of people at risk of social exclusion;
  - Stimulating economic activities in regions lagging behind;
  - Increasing the availability of professional and social rehabilitation services;
  - Education and training of social service professionals.
76. In addition to the above priority tasks, the National Development Plan puts special emphasis on the necessity to implement preventive measures by eradicating or reducing the underlying causes of social exclusion, i.e., poverty and segregation of income, long-term unemployment, regional disparities and disparities between urban and rural areas. The NSRF investments for social inclusion correspond to the NDP sub-measure Reduction of Long-term Unemployment and Integration in the Labour Market of Groups of People at Risk of Social Inclusion.
77. Since 2002, Latvia participates in the Community Action Programme to Combat Social Exclusion and the implementation of the national social inclusion programme is compliant with the overall social inclusion process in Europe aimed at substantially reducing the level of poverty in the EU by 2010.
78. To address the above issues, the ESF support will primarily focus on following areas: improving, diversifying and extending the range of active employment measures targeted at groups at risk of social exclusion; improving, diversifying and developing the assessment system of motivation, social care, social rehabilitation, professional rehabilitation, health disorders and limitations of functional capacities; educating social care specialists and conducting the research on the efficiency and scope for improvement of various social inclusion policy measures.

### ***Capacity Building of Public Administration and Social Partners, Introduction of the Principles of Better Regulation in the Public Administration.***

79. Administrative capacity building is an essential precondition for stable, balanced and focussed development of public administration and social partners, as well as for the increase of efficiency of public administration and public service institutions, thus achieving the objective of improved governance that will promote the application of better regulatory principles in public administration, consequently ensuring more efficient development policies and achievement of objectives set by Latvia and the European Union.
80. Considering the analysis of the current administrative capacity and governance features of public administration, the following issues are regarded as the main problems:
- Insufficient interrelation between policy planning efforts and long-term policy planning documents, especially in the aspect of defining priorities, conducting impact assessment and financial planning;
  - Insufficiently developed strategic planning system at the national, regional and local administration;
  - Insufficient qualifications of the public administration personnel;
  - High turnover rate of the personnel;
  - Absence of a common human resource management system;

- Low initiative of public administration bodies to establish and introduce quality management systems;
  - Lack of a systematic approach to assessment and elimination of the administrative barriers;
  - Unsatisfactory quality and accessibility of public services;
  - Limited improvement and diversification options for continuing education programmes;
  - Insufficient cooperation of public administration bodies and social partners and society;
  - Insufficient cooperation of public administration bodies and higher educational establishments.
81. Community Strategic Guidelines identify governance as an integral part of the cohesion policy. Pursuant to CSG, special regard must be paid to improvements in institutional capabilities in policy design, implementation, impact assessment, the dissemination of evaluation culture, transparency of public administration processes.
82. The Lisbon National Reform Programme of Latvia has defined the administrative capacity building, improving the quality and availability of public services as a priority in every area.
83. Furthermore, the National Development Plan emphasises the goal to establish a rational structure and division of governmental and municipal functions, clearly defined national and municipal responsibilities, effective horizontal and vertical coordination, professional public administration with high ethical standards. The NSRF measure „Capacity Building of Public Administration and Social Partners, and the Introduction of Principles of Better Regulation in Public Administration” corresponds with the NDP measure Good Governance as a Constituent Part of Sustainable Growth Policy (including sub-measures: Improvement of Planning and Forecasting System, Capacity of Municipalities and Regions, Cooperation of the Public, Private and Non-governmental Sectors, Integration and Representation of Latvian National Interests in International Processes), and also partly – Infrastructure and Services for Various Types of Human Activity and Lifestyle.
84. The public administration development policy for the period until 2006 was defined in the Public Administration Reform Strategy 2001 - 2006, Implementation Programme of the Public Administration Reform Strategy, Action Plan for the Implementation of Public Administration Reform Strategy, Mid-term Budgetary Planning and Methodology Guidelines, Policy Planning Guidelines, Guidelines for Results and Performance Indicators, as well as the Concept Paper on the Common Salary System of Public Sector Employees.
85. To address the above issues, the European Social Fund investments will primarily focus on: improvement of cooperation among public administration, social partners and higher education establishments, including improvement of the occupational standards and development of the study courses based on the aforementioned occupational standards, assessment, diversification and improvement of continuing education programmes, promotion of cooperation with social partners and society, assessment and elimination of administrative barriers, introduction of quality management systems, fostering accessibility and quality of public services, improving the strategic planning system at all levels of public administration, improving policy making, implementation and policy impact assessment , as well as raising qualifications of the public sector employees (at the local and regional level the above support measures must be mainly implemented in municipalities, that are established and strengthened as a result of municipal- and regional-level administrative-territorial reforms).

### **OP Implementation**

86. The Operational Programme is co-financed from the European Social Fund.
87. The Operational Programme constitutes 100% of finance available under the European Social Fund.

88. The Ministry of Finance is the Managing Authority of the Operational Programme, whereas the Ministry of Welfare and Ministry of Education and Science, State Chancellery fulfil the functions of Intermediary Bodies. The scope of authority of each IB within the framework of the Operational Programme is determined on the basis of policy-making remit of each body at the national level.

## **„ENTREPRENEURSHIP AND INNOVATIONS”, EUROPEAN REGIONAL DEVELOPMENT FUND OPERATIONAL PROGRAMME**

89. Article 158 of the Treaty sets out one of the main objectives of the European Community, namely, to promote its overall harmonious development and to strengthen the economic and social cohesion of the Community. The most effective way to achieve the above objective is to provide assistance for the improvement of economic activities and development of entrepreneurship – facilitating the creation and development of new firms and raising productivity in the existing businesses. In addition to that, innovative business activities must be supported, thus enabling the achievement of an appropriate level of welfare in the reference period through the utilisation of limited public resources.
90. CSG place special emphasis on the development of entrepreneurship, improvement of R&D and innovation capacities as the main elements of growth strategy. It is highlighted that only by changing the economic structure and shifting innovative production of high added value the objectives of Lisbon Council can be achieved.
91. The LNRPL highlights the decisive role of R&D and enterprise births for economic development. The analysis part of the programme presents a number of positive trends in the development of SMEs, however, it also notes the unsatisfactory conditions of business environment in the largest part of Latvia. A consequent conclusion is drawn from the above aspects that the system of innovations is weak and cannot ensure adequate competitiveness of the country.
92. The NDP identifies a number of findings in the functioning of scientific and innovative system and gives a low rating for the overall condition of innovations in Latvia. The NDP concludes that the business environment is of low quality and there is a wide range of barriers for start-up enterprises, including, administrative, financial, personnel, public infrastructure obstacles and other hampering factors.

### **OP Objective**

93. To ensure progress towards the average EU standards of welfare, the fund will leverage the national resources of Latvia to provide support for the development of science, innovations and entrepreneurship, stimulating the transfer of R&D technologies, strengthening the R&D support and scientific infrastructure, facilitating target-oriented research activities, fostering cooperation among entrepreneurs and researchers, supporting the creation of new firms and improving access to finance.

### **OP Measures**

94. The OP is focussed on two areas of investment:
- Development of scientific and innovative potential;
  - Promotion of entrepreneurship.

### ***Development of Scientific and Innovative Potential***

95. Assistance to science, applied research and innovations is an important instrument of economic development and strengthening competitiveness. Applied research and innovations facilitate the competitiveness of a nation in the global economy, as well as business competitiveness by providing state-of-the-art technology, products and services in the market.

96. The main problems for the development of scientific and innovative potential in Latvia are the following:
- Insufficient cooperation between the private sector and scientific institutes, scientists and higher educational establishments, weak transfer of technology;
  - Scarce investments in R&D (public and private) and insufficient availability of financial resources for the development of innovative ideas into actual products (proof-of-concept, technical feasibility studies, testing etc.);
  - Obsolete scientific infrastructure, unsatisfactory innovation support infrastructure, insufficient number of modern laboratories to implement technology-related projects;
  - Insufficient number of personnel in science and research – declining number of scientists, scarcity of students in doctoral-level study courses;
  - Small number of innovative enterprises and patents;
  - Uneven distribution of scientific potential in the territory of Latvia.
97. CSG propose the following measures to promote innovative activities:
- Strengthening cooperation among businesses and between businesses and public research centres;
  - Supporting R&D activities in SMEs and enabling SMEs to access R&D services;
  - Support for regional cross-border and trans-national initiatives aimed at strengthening research collaboration;
  - Strengthen R&D capacity building, including ICT, research infrastructure in areas with significant growth potential
98. The LNRPL proposes the following measures to stimulate R&D and innovations:
- To improve innovation support structures and national development programmes, establishing a technology agency, elaborating support schemes, establishing a national programme for the protection of intellectual property, as well as implementing a range of measures to increase corporate awareness of the significance of industrial property and its protection;
  - To support the transfer of knowledge and technology, facilitate the development of innovative products and technology by elaborating and implementing a programme of technology incubators, continuing the formation of a technology transfer network, developing and implementing a support programme for the establishment of business incubators, industrial (scientific and technological) parks, as well as attracting investments to regions.
99. The National Development Plan has established that the low level of public and private investments in research and development is one of the main factors hampering the development of applied research, commercialisation of research results and formation of innovative businesses in Latvia. The NSRF investments in the Development of scientific and innovative potential corresponds to the following NDP strategic measures and sub-measures:
- Technological Excellence and Flexibility of Enterprises (including Commercialisation of Applied Science, Transfer of Innovations and Technology, Application of Knowledge to Strengthen Competitiveness of Enterprises, Creation of New Competitive Enterprises, Development of Creative Industries), and
  - Development of Science and Technology (including, Excellence of Academic Science, Revival of Academic and Applied Research Potential, Modernisation of Scientific Infrastructure in Institutes and Higher Educational Establishments)
100. Apart from the above-mentioned strategic and planning documents, the development of scientific and research potential is set out in a range of policy documents of the European Union and Latvia – National Programme for Competitiveness and Innovations (under

development in November 2005), National Innovations Programme 2003 -2006, as well as the Lisbon National Reform Programme of Latvia.

101. In order to apply a complex approach to solving the problem of scientific development and commercialisation, particular attention will be paid to the following issues: the development of scientific potential in the prospective disciplines of science, including the facilitation of international cooperation; the formation and development of innovative, scientific and technological infrastructure, mainly on the basis of the existing potential of scientific institutes and higher educational establishments; the establishment of a coordinated technological transfer system; increasing access to funding and granting funding for the creation of new knowledge-based enterprises; the provision of support for the formation of clusters and centres of excellence, establishment and modernisation of scientific laboratories; support for purchasing facilities and equipment to launch the manufacturing process of new and innovative products; the formation of “business angel” and advisory (mentor) networks; the promotion of R&D in the private sector by implementing awareness campaigns and granting access to funding.

### ***Promotion of Entrepreneurship***

102. In order to ensure continuous growth of the country, it is necessary to expand the activities of existing enterprises and create new firms, as perpetual development is the only pledge to maintain the achieved level of and improve future welfare, thus securing sustainability. Functioning under the conditions of an open economy and free movement of resources, it is essential to ensure the attractiveness and competitiveness of business environment.
103. The main problems of Latvia in the area of entrepreneurship are as follows:
- Low business activity;
  - A large share of enterprises mainly producing for the internal (Latvian) market;
  - A limited number of enterprises operating in sectors with high added value and low consumption of natural resources;
  - Insufficient scale of manufacturing final products ready for consumption (enterprises compete in the industrial market with products of a comparatively low added value);
  - Unattractive business development infrastructure in regions;
  - Inflexible financial instruments for promoting entrepreneurship;
104. CSG propose Member States to promote entrepreneurship and innovations, at the same time respecting competition rules. CSG advises the following:
- Making R&D innovation and education supply more efficient and accessible to firms, in particular SMEs;
  - Providing business support services;
  - Promoting entrepreneurship, facilitating the creation and development of new firms by entities involved in R&D activities;
  - Promoting eco-innovations.
105. The LNRPL identifies backwardness of Latvia in a range of crucial indicators and proposes:
- To improve the availability of funding to SMEs by granting mid-term and long-term loan guaranties to SMEs, providing funding for business development to young enterprises, facilitating availability of funding to SMEs through risk capital options, co-financing business development projects to stimulate economic activities in areas requiring special assistance;
  - To provide informational and advisory support by granting assistance for consultations and participation of enterprises in international exhibitions and trade missions.

106. Furthermore, the NDP also concludes that, irrespective of the favourable tax system, the process of starting a business is hampered and proposes a range of measures to address the following problems, which are essential for the development of SMEs and export capacity: changing business regulations, access to funding (investment and operating capital), lack of human resources, lack of knowledge in generating innovations, limited cooperation of enterprises. The NSRF investments in the promotion of entrepreneurship correspond to the following NDP strategic measures and sub-measures: Technological Excellence and Flexibility of Enterprises (including Application of Knowledge to Strengthen Competitiveness of Enterprises, Creation of New Competitive Enterprises, Development of Creative Industries, Sustainable and Efficient Use of Natural and Energy Resources).
107. In addition to the above strategic documents and planning documents, the policy of promoting entrepreneurship is determined by a number of policy documents of the European Union and Latvia – National Programme for Competitiveness and Innovations (under development), Development Programme for Small and Medium-size Enterprises of Latvia 2004 - 2006, Joint Economic Strategy, Long-term Economic Strategy of Latvia, and Industrial Development Guidelines of Latvia.
108. The ERDF contributions will be allocated to provide informational and advisory support for the creation of new firms and business development, including support for market research and promotion of market outlets; to improve the availability of funding to enterprises and business start-ups; to secure direct financial assistance for business development, as well as support the introduction in production of new, innovative goods and technologies.

### **OP Implementation**

109. The Operational Programme is co-financed by the European Regional Development Fund.
110. The Operational Programme constitutes 62% of finance available from the total ERDF appropriation.
111. The Ministry of Finance is the Managing Authority of the Operational Programme, whereas the Ministry of Education and Science and Ministry of Economics fulfil the functions of Intermediary Bodies in accordance with their respective sectoral policies.

## **„INFRASTRUCTURE AND SERVICES”, EUROPEAN REGIONAL DEVELOPMENT FUND AND COHESION FUND OPERATIONAL PROGRAMME**

112. Strengthening the economic and social cohesion is one of the main objectives of the Community set out in Article 158 of the Treaty. Investments in infrastructure is one of the most critical areas of investment that facilitate the reduction of disparities between the levels of socio-economic development in regions lagging behind – infrastructure is the backbone of the economy and society, and the strength of this foundation determines opportunities to ensure rapid, sustainable and balanced development.
113. Community Strategic Guidelines note the importance of national infrastructure and the attractiveness of regions in economic development and stress that the new EU Member States have particularly big needs for investments in infrastructure.
114. The Lisbon National Reform Programme of Latvia places special emphasis on the importance of environmental, transport and energy infrastructure for the development of national economy, as well as on investments in creating an information society through introduction of e-government.
115. The NDP provides a detailed overview of the current status of infrastructure and the impact of its quality on the development of other sectors of the national economy; the document also highlights regional differences characteristic to the availability and quality of several types of infrastructure.
116. Within the framework of the Single Programming Document 2004 -2006, assistance was granted for investments to improve environmental infrastructure, enhance accessibility and transport systems, develop information and communication technologies, as well as strengthen educational, health and social infrastructure. The Cohesion Fund assistance for the 2004 -2006 period was also provided for large-scale environmental and transport infrastructure projects.

### **OP Objective**

117. In order to create a sound basis for rapid, sustainable and balanced development, the funds will contribute to improving the quality and accessibility of public infrastructure by co-financing investments in transport, environmental, ICT, cultural and tourism, educational and social infrastructure, as well as by addressing other issues related to infrastructure and accessibility to services that determine essential impediments for the achievement of regional development objectives of the EU and Latvia. The funds will especially favour initiatives that mobilise private resources in addition to the available public funding (EU and national), facilitate efficient application of public funding, i.e., exercise the public-private partnership mechanisms.

### **OP Measures**

118. The Operational Programme „Infrastructure and Services” is aimed at the following areas:
- Transport;
  - Environment;
  - Energy;
  - Information and communication technologies;
  - Educational infrastructure;
  - Social infrastructure;
  - Socio-economic potential of cultural environment;

- Tourism;
- Creating preconditions for the availability and accessibility of services in development centres.

### ***Transport***

119. Investments in transport are critical, as an effective, accessible and competitive transport system is one of the most important preconditions of sustainable development and economic growth of the nation.
120. The main problems of the transport system in Latvia are related to the deteriorated condition of roads and railways, insufficient through-put capacity in specific segments, insufficient capacity of port access roads and Rīga international airport, inadequate traffic safety level, non-competitive public transport. The main traffic problems are the following – deteriorated infrastructure, inefficient connections of bridges to relevant street networks, poor organisation of traffic and obsolete technical facilities in traffic regulation and organisation.
121. Community Strategic Guidelines emphasize that the provision of efficient, flexible and safe transport infrastructure can be regarded as a necessary precondition for economic development as it boosts productivity and thus, the development prospects of the respective regions by facilitating the movement of people and goods. Furthermore, the development of Europe-wide transport infrastructures, with a particular focus on cross-border projects, is essential to achieving greater integration of national markets, especially within the context of an expanded Union.
122. CSG provide the following guidelines for action:
- give priority to the 30 projects of European interest, TEN projects, and cross-border links;
  - investments in secondary connections at the regional level;
  - support to rail infrastructure and creation of an EU-wide interoperable rail network;
  - promoting environmentally sustainable transport networks;
  - improving connectivity of landlocked territories to the Trans-European network (TEN-T);
  - developing “the motorways of the sea”.
123. The Lisbon National Reform Programme of Latvia defines the following priorities for the coming years:
- to improve the condition of the national road network and increase the through-put of roads and bridges to meet the EU requirements, improve the system of funding and provide additional financial resources for the development and maintenance of Category 2 roads thus fostering regional development;
  - to improve and develop the quality of international transport corridors;
  - to develop an integrated passenger transport system by establishing a new, efficient public transport management system, defining roles and functions of different modes of transport in providing public transportation services and creating a uniform and rational network of public transport;
  - to improve the quality and development of international transport corridors, increase the through-put of roads and bridges in accordance with the EU requirements, in order to meet the objective of Verona Declaration to reduce by 2010 the number of lethal road casualties by 50% compared to 2002;
  - to create an efficient, safe, competitive, environment-friendly, balanced and multi-modal transport system that is integrated in the EU-wide system, meets the economic and social requirements of the country to ensure internal and international passenger and freight transport.

124. Although investments from different sources have been made across the whole country to improve the quality of infrastructure, the National Development Plan concludes that insufficient availability of services is still observed, especially in rural areas. Furthermore, the delayed territorial reform hampers the process of infrastructure planning in a nation-wide context. The NSRF investments in transport correspond to the NDP strategy sub-measure Multi-modal, Integrated and Safe Transport Systems Accessible to People.
125. The National Development Plan sets out the following measures:
- to increase the through-put of roads and bridges that form a part of the TEN network;
  - to improve traffic safety in areas where intense traffic flows intersect with urban centres;
  - when planning investments for the development of the East-West rail corridor, it is necessary to continue the commenced rail development projects related to the development of rail infrastructure and improving rail traffic safety, as well as to implement new projects;
  - the proposed development perspectives include the electrification of railway lines representing the main rail transport corridors, modernisation of traction power-supply systems on the electrified lines, increasing the through-put capacity of specific railway lines.
126. In the 2004 -2006 programming period the CF funding was made available for transportation infrastructure investments in various projects of the road Via Baltica. Furthermore, the Single Programming Document provided finance for the renovation of Category 1 road infrastructure and improving connectivity among the main centres of economic development and linking them to TEN-T, as well as providing support to increasing the efficiency of urban transport systems, renovating small ports, as well as renovating the rolling stock of passenger trains.
127. The transport development measures must be aimed at improving the quality of and developing international transport corridors, improving the national road network and increasing the quality of Category 1 national roads to ensure their compliance with standards, increasing the through-put of roads and bridges to meet the EU requirements, creating an effective and integrated passenger transport system, further developing rail infrastructure, including electrification, strengthening competitiveness of and developing port infrastructure of Latvia, optimising urban transport systems and securing the development of airport infrastructure.

## ***Environment***

128. This area is important for Latvia as a region, as it influences overall quality of life and development opportunities. Investments in environmental infrastructure must be made to ensure substantial increase in the coverage, quality, cost-efficiency and sustainability of services. The implementation of the critical environmental priority to minimize climate change and reduce air pollution is possible by setting appropriate environmental standards for investments in the field of energy, transport and agriculture. The development of environmental infrastructure comprises the following constituent areas:
- water management;
  - waste management;
  - nature protection;
  - rehabilitation of the inherited contaminated sites;
  - the reduction of environmental risks.
129. The main problem of Latvia in the area of water management is insufficient supply of clean drinking water from centralised water distribution pipe networks, degraded, out-dated, non-compliant and inefficient waste water collection and treatment system, and discharging non-

treated waste water into the environment. The main problem in the area of waste management is the low access to waste management services, large number of outdated dumpsites and their negative environmental impact, scarcity of environmentally safe landfills, limited possibilities of waste recycling and processing, negative environmental impact of the inherited contaminated sites and the related public-health risks, in case the pollution enters groundwater or surface waters. The country lacks a comprehensive environmental and technological assessment, not all objects and factors posing environmental threats have been identified. In addition to the need to implement all environmental requirements and objectives provided for in the EU legislation, it is crucial to ensure that these investments are not aimed only at increasing the attractiveness of individual areas to investors and visitors, but also securing appropriate living conditions for local communities. Latvia has underdeveloped eco-tourism infrastructure in the nature areas specially protected to preserve biodiversity. Collections of plant and wildlife specimens are displayed in unsuitable premises under inadequate conditions that threaten their preservation and undermine their educational and awareness-raising function for the general public.

130. Community Strategic Guidelines emphasize the need for assistance to projects that are environmentally friendly and promote the creation of jobs, thus support must contribute to investments in infrastructure in regions, especially in the new Member States, to comply with environmental legislation in the fields of water, waste, air, nature and species protection.
131. The Lisbon National Reform Programme of Latvia provides for the following environmental measures:
- to preserve biodiversity at its current level;
  - to improve and modernise environmental protection infrastructure by developing water management infrastructure, creating a regional municipal waste management system, promoting the processing of municipal waste and establishing collection systems for sorted waste;
  - to reduce the effects of climate change as far as reasonably practicable and implement relevant adaptation measures.
132. The National Development Plan defines the following areas of environmental infrastructure: water management: it must be ensured that all waste water flows are collected and undergo secondary treatment or an equal processing phase before discharging them into receiving waters, collection systems must be designed, constructed and operated on the basis of cost-efficient best available techniques, volumes and contents of waste waters must be given due consideration, rainwater overflow discharges and pollution to receiving waters must be reduced, wastewater sludge must be appropriately treated and managed; waste management: stabilise the production of municipal waste, recycle 50% of the total packaging, reduce dioxin emissions resulting from waste incineration, reduce the amount of waste to be deposited and hazardous waste. The NSRF environmental investments correspond to the following NDP strategic measures and sub-measures: Sustainable and Efficient Use of Natural and Energy Resources, Development of Public Services (water supply, waste management, heat supply etc.) and Rationally Used and Preserved Natural Environment.
133. As for the environmental sector in the 2004-2006 programming period, the CF funding was provided to large-scale environmental infrastructure projects in water management and waste management. Furthermore, in the framework of the Single Programming Document assistance was granted to water infrastructure projects in urban areas with a population equivalent of 2000, establishing sorted waste collection points in municipalities, as well as re-cultivation of environmentally incompatible small and medium dumpsites in accordance with requirements set by relevant national programmes.

134. The policy-making priorities for environmental investments include improving environmental quality and increasing quality of life for people, pursuant to currently effective environmental protection legislation; improving water management infrastructure in accordance with the current environmental protection requirements; introducing a sustainable system of municipal waste management; assessment and rehabilitation of contaminated sites; maintaining and developing biodiversity and protected areas, identification and elimination of environmental risks.

### ***Energy***

135. The sufficiency of energy to sustain economic development of the nation and quality of life of its citizens is an issue of national security. The development of energy sector is required to ensure balanced, high-quality, reliable and sustainable supply of energy to the economy and general population. Investments in energy infrastructure would substantially improve the availability of energy to consumers, coverage, quality, cost-efficiency and sustainability of services, lower the impact of the energy sector on the environment and climate change, reduce the energy-dependence of Latvia on supplies from outside the EU. The energy infrastructure comprises the following:
- infrastructure for primary energy resource extraction, transportation and supply to consumers;
  - electric power supply system (production, transmission and distribution of electric power);
  - centralised, local and individual heat supply systems;
  - energy consuming systems of consumers.
136. The main problems in the energy sector are the following – high dependence on imported fuel (natural gas), decentralised heat supply, poor technical condition of heat supply systems, low energy efficiency of heat consumers, low safety of hydraulic structures of water power plants. The prolonged capital return cycle characteristic to the heat production industry and the large amount of required investments are the underlying causes for the poor condition of systems and low energy efficiency at heat supply enterprises. The requirements and objectives of the EU environmental legislation ensure that investments in the energy sector not only increase the attractiveness of specific areas to investors and visitors, but also secure quality of life for local communities.
137. Community Strategic Guidelines emphasize the need for support to energy efficiency projects and propose the following action:
- promote investments that contribute to the EU Kyoto commitments;
  - support projects that increase energy efficiency, develop renewable and alternative energy technologies, develop the traditional energy networks, where there is evidence of failure;
  - promote the use of biomass in the energy sector;
  - promote the production of electric power in co-generation facilities.
138. The Lisbon National Reform Programme of Latvia provides for the following action:
- promote the use of renewable energy sources;
  - promote extended application of co-generation options for the electric power production.
139. The National Development Plan sets out the following development measures in the field of energy: to increase the energy efficiency on the supply and demand side, promote extended application of biomass in the energy sector, promote the production of electric power in co-generation facilities. The NSRF investments in the energy sector correspond to the following NDP strategic measures and sub-measures: Sustainable and Efficient Use of Natural and

Energy Resources, Development of Public Services (water management, waste management, heat supply, etc.) and Rationally Used and Preserved Environment.

140. Within the framework of the Single Programming Document, commitments were made to provide support to modernising heat supply systems, in order to ensure compliance with environmental requirements and increase energy efficiency of heat supply systems.
141. The policy-making priorities for energy investments include support to the energy sector for increasing energy efficiency both on the supply side (production, transmission and distribution of electric power) and demand side, as well extended application of co-generation options, renewable and local energy sources, and elimination of technogenic risks.

### ***Information and Communication Technologies***

142. The development of information society is closely related to the progress towards the society of a knowledge-based economy, as it is a precondition to access information and knowledge as the main sources of national development. In the information society, notable economic growth and strengthening of competitiveness is possible only through extensive application of ICT in public administration, entrepreneurship and households.
143. The development objective of the information society is to ensure that everyone benefits from options provided by ICT, consequently, equal opportunities for all must be created to utilise ICT and access information; ICT skills of people must be improved, social inclusion must be promoted and barriers set by regional disparities must be reduced.
144. Community Strategic Guidelines place special emphasis on the development of ICT infrastructure as a favourable option to increase the competitiveness of regions, and note the significant economic potential of improving the availability of e-government services.
145. The EU legislation and guidelines pertaining to the information society are binding for Latvia. The EU initiative „i2010 – a European Information Society for growth and employment” defines information society priorities in an integrated framework with the Lisbon strategy guidelines in support of growth and jobs that emphasise the role of ICT, especially in creating jobs, education and providing public services. When promoting the availability of benefits of the information society to entire population, the Commission Communication on e-Accessibility must be considered – the document emphasises the task of ensuring accessibility of homepages for disabled and elderly people.
146. The Lisbon National Reform Programme of Latvia proposes the following priority areas, placing special emphasis on the knowledge-based economy:
  - to facilitate extensive use of ICT in national and municipal bodies, SMEs and households;
  - to introduce e-government, including electronic signature, at the same time improving the structure of public administration and, at the same time, eliminating redundant elements, ensuring transparency and improving efficiency of public administration, as well as increasing public participation in the processes of public administration;
  - to ensure safety of networks and information, as well as compatibility and interoperability, to create an information area without frontiers;
  - to promote the extension of broadband networks, including to regions with limited access to services, in order to develop a knowledge-based economy.
147. The National Development Plan defines a priority to develop ICT infrastructure and services, as well as general accessibility of public networks, in order to ensure improved availability of information, knowledge and services. The NSRF investments in ICT correspond to the following NDP strategic measures and sub-measures: Development of ICT Infrastructure and Services and General Accessibility of Public Networks, and Infrastructure and Services for Various Types of Human Activity and Lifestyle.

148. The E-government Development Programme provides for measures to increase the efficiency of investments in ICT infrastructure of public administration, integrate the main national registers, create the base infrastructure of e-government, improve public administration services through ICT, including the development of e-services, to improve the existing and create new information systems of public administration, digitalize archives, databases and registers, improve security, as well as compatibility and interoperability, in order to create an information area without frontiers.
149. The main future priorities of the EU to achieve the Lisbon agenda in e-government are defined in the EU Ministerial e-Government Declaration:
- All citizens must become major beneficiaries of e-Government, European public administrations must make public information and services more easily accessible through innovative use of ICT and through improving skills and support for all users;
  - The public sector must achieve considerable gains in efficiency through the use of ICT; e-Government must significantly reduce the administrative burden on businesses and citizens;
  - Delivery of public services must be designed around customer's needs, including the objective of at least 50% of public procurement above the EU public procurement threshold to be carried out electronically;
  - Promotion of widely available, trusted access to public services across the EU, through mutually recognised electronic identifications.
150. For the 2006-2010 period Latvia must abide by the EU Action Plan on e-Government that sets the following four tasks for Members States in the area of e-government:
- the development of inclusive e-government to promote social inclusion;
  - more efficient and cheaper e-government;
  - improving the quality of services, including through the use of e-procurement;
  - cooperation of all stakeholders, including those of the public and private sectors, to achieve the objectives of e-government.
151. As for the 2004-2006 programming period, funding was made available under the Single Programming Document to the development of public information systems (municipalities, libraries, archives, museums), including digitalisation efforts, to improve the quality of services, creating public Internet access points, as well as developing ICT in peripheral areas and extending the high-quality broadband network. As for the 2004-2006 programming period, the ERDF funding is made available for the implementation of the National Programme „Development and Improvement of Base Infrastructure for E-government”.
152. The main objectives and results to be achieved in the area of communications by 2013:
- To ensure that by 2010 broadband Internet access is made available in an area covering 85% of the country, in 100% public administration bodies and in 100% educational establishments, encompassing improvements to the existing communication infrastructure, development and maintenance of new infrastructure;
  - To ensure that by 2012 the conversion from analogue TV and radio broadcasting format to digital format is completed;
  - To ensure that by 2013 the Geographical Information System comprises information on the coverage of electronic communications networks in Latvia.
153. The general information society issues and investment priorities for the 2007 -2013 programming period are the following:
- the development of state information systems, including the creation of databases, registers and archives of national importance, accessibility, digitalisation, compatibility

and interoperability, as well as integration aimed at creating the technical basis for the development of e-services;

- providing the necessary ICT infrastructure and Internet access to public administration bodies, operating in such areas as employment, social services, health, culture, education and others; development of e-services;
- further development of public Internet access points;
- training of the public administration staff to improve their skills in response to the new ICT requirements;
- providing and ensuring access to broadband data transmission networks, paying special attention to areas lagging behind;
- creation, development and improvement of electronic communications networks of national importance, ensuring the security of data transmission.

### ***Educational Infrastructure***

154. The long-term concept paper “Model for Growth of Latvia: Individual First”, which was approved by the *Saeima*, identifies knowledge, intelligence and their skilful application as the main resource for the future development of Latvia. Generation, accumulation, dissemination and application of knowledge must be considered a complex process that forms the basis for economic development, social life and knowledge-based society.
155. Education, science and research represent the main driving forces behind knowledge, innovations and high technology that must be given the highest priority in the country pursuant to the above concept paper, approved by the *Saeima*. Investments in the educational system play the most important role in the development of education, science and research, as well as providing high-quality, up-to-date, professional human resources.
156. The main problems of the education system, which have very serious financial implications and require vast resources, are related to the obsolete and degraded educational infrastructure – buildings, premises, teaching equipment and facilities, teaching materials, research equipment, instruments and equipment. The vocational education requires the provision of at least such facilities that enable conducting vocational training activities in an environment that corresponds to workplace conditions in the most innovative enterprises of the particular sector.
157. Community Strategic Guidelines establish a close link between the educational development and promotion of employment, as well as investments to improve R&D and innovative potential. The central task of educational development is the provision of high-quality and accessible education and training at all levels for the entire life of an individual, as well as contribution to human resource development as the main element of the growth strategy.
158. The Lisbon National Reform Programme of Latvia identifies the following priorities in the area of educational development:
  - to improve the adaptability of the education system and students in response to new labour market requirements;
  - to improve the accessibility of higher education and correspondence with the labour market requirements;
  - to improve the accessibility of education at all levels.
159. The above priorities are also highlighted in the National Development Plan that places special emphasis on the task to develop higher and vocational education, especially in regions, at the same time ensuring its correspondence with the labour market requirements. The NSRF investments in educational infrastructure correspond to the following NDP strategic measures and sub-measures: Educated and Creative Individual (including High-quality Primary

Education, Mandatory Secondary and Accessible Higher Education, Training the Workforce to Meet Requirements of the Labour Market, and Efficient Application and Life-long Development of the Creative Potential of an Individual) and Modernisation of Scientific Infrastructure in Institutes and Higher Educational Establishments.

160. As for the 2004 – 2006 planning period, assistance for improving teaching facilities and infrastructure was granted to 28 vocational education establishments and 9 higher educational establishments, however, the imbalance between the ESF funding for improving educational programmes, teaching methodologies, ensuring continuing education of teaching staff and the tiny ERDF allocations to provide the necessary facilities, equipment, and to improve buildings and premises, frequently in emergency technical conditions, which were utilised to implement the elaborated educational programmes, poses threats of failing to achieve the planned developments in quality.
161. To address the above issues, the ERDF funding will be made available for investments in the following areas: renovation of buildings used for educational purposes, including their technical utility networks, heat substations, renovation or replacement of water and sewage piping systems and ventilation systems; provision of modern educational and study equipment and facilities for educational establishments and their premises, including computer hardware and office equipment, teaching materials and models, internal data transmission networks, electronic library systems; modern workplaces and study places for study rooms, research labs, laboratories, and workshops; providing access, special equipment and special study facilities to educational establishments for persons with various disabilities. One of the main objectives of the European Regional Development Fund is to reduce disparities of regional development across the whole country. Higher educational establishments, colleges and vocational education institutions play an essential role in this area. To satisfy the above regional aspect, preference will be given to regional educational establishments, thus ensuring the provision of high-quality professionals to meet the requirements of the specific area. The above approach will boost the structure of workforce in the region, thus contributing to its development.

### ***Social Infrastructure***

162. To facilitate investments in human resources, improve welfare and provide accessible and high-quality public services in the whole territory of the country, considerable investments must be made in the social infrastructure.
163. The problems of the health-care system are related to the insufficient immediate possibilities of out-patient and in-patient service providers, explained by the recent reform aimed at improving the infrastructure. The problems are also related to the quality and availability in the whole country of primary health-care services and inadequate availability of emergency health-care services. In the area of social services, the main problems are related to the low availability, diversity and quality of social care and social rehabilitation services, technical facilities and equipment of professional rehabilitation services, the assessment system of health conditions, functional capabilities and their restrictions, infrastructure required to provide the above services. Insufficient facilities of institutions responsible for the implementation of labour market policies hamper the provision of up-to-date and high-quality services to customers, efficient and fast exchange of information among institutions, branches and service centres, as well as the functioning of a joint customer registration system.
164. In accordance with Community Strategic Guidelines, special attention must be given to the quality and availability of health-care that has a direct impact on the productivity, competitiveness, and quality of life of the labour force. In addition to that, CSG propose a priority to modernise educational and training infrastructure by integrating ICT.

165. The Lisbon National Reform Programme of Latvia, by complementing the above priorities, defines the following as an essential measure – improving the infrastructure of social care and social rehabilitation, increasing the accessibility to technical facilities for professional rehabilitation, as well as improving the infrastructure of labour market institutions.
166. The above priorities are also highlighted by the National Development Plan. The NSRF investments in social infrastructure correspond to the following NDP strategic measures and sub-measures: Health as a Value, and Inclusive and Retaining Labour Market (including Support for Promoting Employment, and Reduction of Long-term Unemployment and Integration in the Labour Market of Groups of People at Risk of Social Exclusion).
167. The policy priorities related to support for disabled persons and individuals with potential disability are set in the Policy Guidelines for Reducing Disability and its Consequences 2005-2015. The document provides for the development of a range of disability prevention measures, improvement of the diagnostic system to detect disabilities, as well as the improvement of the social protection system for disabled persons and promotion of employment of people with special needs. The introduction of new social assistance measures is planned in the field of rehabilitation, employment and social services, in order to ensure that persons with potential disabilities avoid becoming disabled, whereas persons with severe functional disorders receive support to reduce risks of social exclusion.
168. The health care policy of Latvia is set out in the Implementation Plan of the Development Programme for Out-patient and In-patient Health-care Service Providers 2005-2010, which quantifies the parts of health infrastructure to be improved, as well as Guidelines for Development of Human Resources in Health Care that emphasize a long-term objective (2005–2015) to provide human resources to and ensure their development within the sector of health care.
169. In order to address the above issues, the ERDF funding will contribute to investments in the following areas:
  - the development of institutions responsible for the implementation of labour market policies, social care, social rehabilitation, including improvements to prison and probation centre infrastructure;
  - professional rehabilitation, providing technical facilities and improving infrastructure to assess capacity for work;
  - the modernisation of health-care infrastructure, especially in primary health-care and emergency health-care, improvement of infrastructure promoting healthy and active lifestyle;
  - making large-scale investments in sports facilities, in order to promote health of people and the quality of labour force, thus creating preconditions for the formation of a healthy, physically and mentally developed personality.

### ***Socio-economic Potential of Cultural Environment***

170. Attractive cultural environment, including highly developed cultural infrastructure, influences quality of life of people, fosters the development of well-organised living environment, as well as social and economic welfare. Analyses of economic growth factors in different nations suggest that culture specifically is regarded as a crucial factor in facilitating competitiveness. Diverse cultural environment boosts the quality of labour force thus stimulating development, employment and income in other sectors. It attracts enterprises, consequently contributing to the creation of new and high-quality jobs and promoting the diversification of regional and local economies, creative and efficient development thus reducing regional disparities.

171. The main problems of Latvia in cultural environment are the following: obsolete cultural infrastructure, poor material and technical facilities, as well as limited access to culture for people with disabilities; lack of new, modern, cultural centres of high importance for regional development outside the capital of Rīga; lack of adequate contemporary art objects and related infrastructure. Consequently the current cultural infrastructure does not enable efficient preservation and display of cultural heritage, as well as fostering activities by creating new cultural products that meet the increasing requirements and development needs of people, furthermore, there are limited possibilities for efficient application of the cultural potential in the formation of a knowledge-based society, as well as for efficient socio-economic utilisation of cultural resources generated and accumulated in Latvia.
172. Community Strategic Guidelines establish a link between support for the preservation of cultural heritage, development of cultural infrastructure and investments in socio-economic development at the regional level, including contribution to sustainable tourism development and increasing the attractiveness of cultural environment, furthermore, assistance may be granted for the development and accessibility of cultural products with high added value.
173. The Lisbon National Reform Programme of Latvia 2005 – 2008 provides for the implementation of coordinated sectoral and regional policies to improve the business environment, ensuring favourable conditions for the creation and development of products and services of tourism and cultural tourism.
174. The National Development Plan identifies that insufficient and outdated cultural infrastructure is an important impediment preventing Latvia and its capital city from re-establishing its historical role as the main cultural centre of the Baltic States, as well as hampers efficient development and application of the socio-economic potential of its cultural environment. Apart from fostering its local identity, it is crucial for Latvia to establish an intercultural dialogue through the development of relevant contemporary cultural environment and related infrastructure. The National Development Plan of Latvia also provides for the reduction of regional disparities in the accessibility of culture and ensuring high-quality cultural environment for all people (minimum basket of cultural services). The NSRF investments in cultural environment correspond to the NDP strategic sub-measure Preserved and Accessible Cultural Environment and Cultural and Historical Heritage.
175. The main cultural policy documents of Latvia are the following: the long-term National Cultural Policy Guidelines 2006 –2015: National State and the National Programme: Culture 2000-2010, as well as National Cultural Policy Priorities. The above guidelines reflect construction activities related to building cultural objects of national importance, the development of creative industries and formation of regional cultural policies.
176. As for the 2004-2006 programming period, funding was made available within the framework of the SPD to provide support for the creation and development of nature- and heritage-related tourism products, as well as for the development and modernisation of public tourism infrastructure by simultaneously striving to maintain and increase the economic potential of cultural heritage.
177. To ensure future strengthening and boosting of the socio-economic capital of cultural environment, and ensuring active and intense utilisation of its resources, the priority investment policy measures are as follows:
- the development of cultural infrastructure;
  - the development and diversification of various forms of economic application of cultural and historical heritage, and contemporary cultural environment;
  - support for new cultural products of national importance (by establishing a support system of the preservation of cultural and historical heritage for its owners; renovating,

preserving, developing and integrating cultural heritage of national importance in the public space and development processes of creative industries);

- the creation and development of new cultural objects of national importance and the related infrastructure.

## ***Tourism***

178. Highly developed infrastructure has a direct and immediate impact on quality of life of people in all areas, ensuring favourable living environment, as well as economic welfare. The development of tourism can foster growth in a number of related economic sectors, thus making a significant contribution to national development in general and strengthening competitiveness of the country in the common market of the European Union. By developing tourism as one of the priority economic sectors, its share may increase to 5-7% of GDP in the coming 5-8 years, hence boosting the overall GDP growth of the country.
179. Although the tourism sector has experienced rapid development, a number of problems still hamper future opportunities in the sector to attract tourists, e.g., insufficiently developed tourism infrastructure, its capacity and nature- and heritage-related tourism products (cultural tourism and eco-tourism). The development of tourism infrastructure will facilitate rational utilisation of natural and cultural resources, as well as stimulate sustainable development of different areas of the country. There is a lack of tourism market studies that can provide a sound basis for tourism marketing that could facilitate the image of Latvia as a popular tourism destination. A new set of innovative and distinctive tourism products is required; furthermore, the development of low-season tourism products and services is critical. It creates preconditions for additional investments for the development of economic and tourism infrastructure, improving tourism offer in regions and areas of clustered tourism resources.
180. Community Strategic Guidelines highlight an integrated approach to territorial cohesion; furthermore, the cohesion policy can help to create sustainable communities, by ensuring that economic, social and environmental issues are tackled through integrated strategies at the EU and national level. Tourism infrastructure is an essential component in both strengthening the economic competitiveness and sustainable development of the nation.
181. The Lisbon National Reform Programme of Latvia 2005-2008 sets the following priorities in promoting balanced development – promotion of entrepreneurship and innovations, development of human resources and promotion of employment that are inextricably linked to the tourism sector.
182. The National Development Plan highlights that tourism is a sector of high economic integration with links to development processes in transport, ICT, trade, services and other sectors. One of the main development objectives of the tourism sector is to increase its share in GDP of Latvia by positioning and promoting Latvia in international markets as a distinctive, reliable and recognised tourism destination, thus increasing the period of stay of incoming tourists in Latvia and, consequently, boosting revenues from the tourism sector. The NSRF investments in tourism correspond to the following NDP strategic measures and sub-measures: Preserved and Accessible Cultural Environment and Cultural and Historical Heritage, Rationally Used and Preserved Natural Environment, and Creation of New Competitive Enterprises, as well as Access to and Diversity of Jobs in Regions.
183. As for the 2004-2006 programming period, funding was made available within the framework of the SPD to provide support for the creation and development of nature- and heritage-related tourism products, as well as for the development and modernisation of public tourism infrastructure by simultaneously striving to maintain and increase the economic potential of cultural heritage.

184. Latvia is rich in natural medicinal resources and traditions that are currently under-utilised. For example, the development of national level infrastructure of resort, mineral water and medicinal mud management is necessary. Attractive cultural environment and developed cultural infrastructure both have direct impact on quality of life by providing preserved environment and foster economic well-being, facilitate the development of cultural tourism as an important tourism product of Latvia. To reduce the low-season effects in the tourism sector, Latvia must make investments in the development of international conference centres. A competitive advantage of Latvia in the European tourism market is ensured by the availability of the Baltic Sea coastal areas; balanced development and improvement of the above for environmentally friendly utilisation would both facilitate the creation of new tourism products and securing sustainable growth of these areas. According to experts, diverse active tourism products would increase the number of SMEs (up to 30 enterprises per 1000 inhabitants in 2010) and reduce the unemployment rate. According to market research data, 1/3 of Western tourists are willing to indulge in active tourism - trekking, biking, or boating.

### ***Creating Preconditions for the Availability and Accessibility of Services in Development Centres***

185. Latvia demonstrates considerable disparities between the levels of socio-economic development in Rīga and other regions, as well as between the main cities and the remaining areas. The current development model of Latvia can be classified as monocentric, whereas progress towards a polycentric development model is hampered by insufficient growth of development centres. Poorly developed public services, lack of interest from entrepreneurs as potential investors, and people as residents represent the main impediments for the development of the above centres.
186. Community Strategic Guidelines place strong emphasis on the specific needs of certain areas, such as urban and rural territories, for the purpose of stimulating balanced development and eliminate obstacles to their growth. In addition to the above activities, CSG propose investments in public services and infrastructure to improve investment environment and quality of life in the above areas.
187. The Lisbon National Reform Programme of Latvia notes the considerably slower acceleration of economic activities in regions outside the capital city of Rīga and its surrounding area. One of the underlying causes for the above conditions is the slow administrative-territorial reform of Latvia, hence the prolonged survival of a large number of economically and administratively weak local governments incapable of fulfilling the full range of municipal functions. Consequently, the implementation of administrative-territorial reform, as well as stimulating economic activity in backward regions are considered priority tasks.
188. The National Development Plan identifies cities as the main driving force behind long-term economic growth and development of Latvia. This long-term development perspective will be implemented through polycentric urban systems that provide the best options of ensuring balanced economic and social development in Latvia as a whole. Cities must be developed as economic hubs that also secure the development of the surrounding area of region. Due to increased concentration and numbers of people in urban areas, cities will face a number of problems related to spatial planning and provision of high-quality physical infrastructure services. The NSRF investments under „Creating Preconditions for the Availability and Accessibility of Services in Development Centres” correspond to the following NDP strategic measures and sub-measures: Polycentric Urban and Rural Structures for Development, and Development Centres – Drivers of Balanced Development in Regions.

189. The Regional Development Law (effective as of 23 April 2002.) determines the objective of regional development – to stimulate and ensure balanced and sustainable national development considering the specifics and opportunities of the country as a whole and its separate areas, reducing disparities between various areas, and preserving and facilitating the characteristic natural and heritage features and development potential of each area. Due to geographical location, cultural, historical and economic traditions, different areas may pursue different development models that take full advantage of features or potential, which is characteristic to the particular location. Failure to harness the above potential to full extent has resulted in unfavourable socio-economic disparities between different regions that hamper the competitiveness of Latvia in the European Union.
190. The ERDF investments should be granted for creating preconditions for the availability and accessibility of services in development centres – renovation and development of infrastructure in pre-school educational establishments; improving infrastructure that promotes healthy and active lifestyle; preservation and renovation of cultural infrastructure and cultural and historical heritage, quality and accessibility of cultural services by providing a minimum basket of cultural services; renovation and development of local road networks linking municipal and local development centres; establishment of public Internet access points, creation of broadband data transfer networks in regions; improving urban infrastructure, renovation of small port infrastructure; increasing energy efficiency; development of business infrastructure.

### **OP Implementation**

191. The Operational Programme „Infrastructure and Services” is co-financed from the European Regional Development Fund and Cohesion Fund.
192. The Operational Programme constitutes 38% of finance available under the ERDF and 100% of finance from the Cohesion Fund appropriation.
193. The Ministry of Finance is the Managing Authority of the Operational Programme. The following Intermediary Bodies are involved in the implementation of this Operational Programme – Ministry of Transport, Ministry of Environment, Ministry of Economics, Ministry of Culture, Secretariat of the Minister on Special Assignment for Electronic Government Affairs, Ministry of Welfare, Ministry of Health, Ministry of Education and Science, Ministry of Regional Development and Local Governments.