OPERATIONAL PROGRAMME „HUMAN RESOURCES AND EMPLOYMENT”

DRAFT

MINISTRY OF FINANCE, REPUBLIC OF LATVIA
RĪGA
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ABBREVIATIONS

UNO – United Nations Organisation
USA – United States of America
DFI – Direct foreign investment
CFCA – Central Finance and Contracting Agency
CSB – Central Statistics Bureau
EEA – European Economic Area
EF – European Funds: ERDF, ESF and CF
EC – European Commission
EAGGF – European Agricultural Guidance and Guarantee Fund
MoE – Ministry of Economy
ERDF – European Regional Development Fund
EU – European Union
EU-10 – 10 EU Member States that joined the Union on 1 May 2004
EU-15 – EU Member States, part of the Union before the enlargement of 1 May 2004
EU-25 – EU Member States after the last enlargement of 1 May 2004
ESF – European Social Fund
EUR – Euro
EUROSTAT – European Statistics Office
MoF – Ministry of Finance
WPP – Water Power Plant
HPCI – Harmonised Consumer Price Index
SPNA – Specially Protected Nature Area
ICF – International Classification of Functioning, Disability and Health
GDP – Gross Domestic Product
ICT – Information and Communication Technologies
FP – Framework Programme
IT – Information Technologies
SMSEGA – Secretariat of the Minister on Special Assignment for Electronic Government Affairs
MoES – Ministry of Education and Science
CF – Cohesion Fund
CSG – Community Strategic Guidelines for Cohesion
RDP – Rural Development Plan that, inter alia, comprises funding conditions of the guarantee section of EAGGF
FTUCL – Free Trade Union Confederation of Latvia (LBAS)
LEC – Latvian Employers’ Confederation
LGS – State joint-stock company „Latvijas gaisa satiksme”
MoW – Ministry of Welfare
LNRL – Lisbon National Reform Programme of Latvia
ULRG – Union of Local and Regional Governments of Latvia
UL – University of Latvia
BRC UL – Biomedical Research Centre of the University of Latvia
ISSP UL – Institute of Solid State Physics of the University of Latvia
LVL – Latvian lats
LCS – Latvian Council of Science
CM – Cabinet of Ministers
SMB – Small and Medium-sized Business
SME – Small and Medium-sized Enterprise
EMS – Emergency Medical Service
NSRF – National Strategic Reference Framework
SEA – State Employment Agency
NGO – Non-governmental organisation
OECD – Organisation for Economic Cooperation and Development
OP – Operational Programme
IOS – Institute of Organic Synthesis
R&D – Research and development

HR_operational_programme_consolidated3; Draft Operational Programme „Human Resources and Employment”
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AVED</td>
<td>Agency for Vocational Education Development</td>
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<tr>
<td>PISA</td>
<td>Programme for International Student Assessment</td>
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<td>PCCSA</td>
<td>Professional Career Counselling State Agency</td>
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<tr>
<td>USSR</td>
<td>Union of Soviet Socialist Republics</td>
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<td>PHC</td>
<td>Primary health care</td>
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<td>VAT</td>
<td>Value added tax</td>
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<td>MoRDLG</td>
<td>Ministry of Regional Development and Local Governments</td>
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<td>RVEEC</td>
<td>Regional Vocational Education and Employment Council</td>
</tr>
<tr>
<td>RTU</td>
<td>Rīga Technical University</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
<tr>
<td>SDR</td>
<td>Special Drawing Right – a basket of the following currencies – USD, EUR, GBP, and JPY</td>
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<td>SEZ</td>
<td>Special Economic Zone</td>
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<tr>
<td>SF</td>
<td>EU Structural Funds</td>
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<tr>
<td>SKDS</td>
<td>Market and public opinion research centre “Sociāli korelatīvo datu sistēmas”</td>
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<tr>
<td>MoT</td>
<td>Ministry of Transport</td>
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<tr>
<td>TIMSS</td>
<td>Trends in International Mathematics and Science Study</td>
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<td>SSNE</td>
<td>Single Strategy for the National Economy</td>
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<tr>
<td>USD</td>
<td>US dollar</td>
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<tr>
<td>SJSC</td>
<td>State joint stock company</td>
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<tr>
<td>SLI</td>
<td>State Labour Inspectorate</td>
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<tr>
<td>MoEnv</td>
<td>Ministry of Environment</td>
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<td>SIP</td>
<td>State Investment Plan</td>
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<td>ST</td>
<td>State Treasury</td>
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<td>SC</td>
<td>State Chancellary</td>
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<td>ERM II</td>
<td>Exchange Rate Mechanism II</td>
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<td>MoH</td>
<td>Ministry of Health</td>
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<td>SCHIA</td>
<td>State Compulsory Health Insurance Agency</td>
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<td>SPD</td>
<td>Single Programming Document</td>
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<td>FIFG</td>
<td>Financial Instrument for Fisheries Guidance</td>
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1. **INTRODUCTION**

1. The main resource of Latvia is human knowledge, which, if developed and skilfully and purposefully utilized, can become an essential investment of Latvia not only into the achievement of the EU strategic goal – to become the most competitive economy in the world – but also into provision of the country’s long-term development and welfare.

2. For sustainable and target-oriented development of society the welfare and growth of each of its members is equally important. Therefore, it is material to create an inclusive labour market corresponding to the highest work safety and working environment requirements, with particular focus on raising the competitiveness, professionalism, and efficiency of the existing workforce as well as supporting the personal initiative of the individual – to undertake entrepreneurship and self-employment. Strengthening labour market institutions and ensuring operativeness, quality and compliance of their services with individuals’ requirements is equally important. The prerequisite of an individual’s successful competitiveness and integration into the labour market, in its turn, is knowledge of good quality, high level and corresponding with the labour market requirements. For this reason entrepreneurs, social partners and educational institutions should put all their effort into conforming the educational system with the requirements of the individual as well as those of the society. An important role in introducing the strategic goals of the state is played by a public management which works in the interests of the society and complies with the highest standards of quality, thus promoting successful and efficient implementation of the state policy.

3. According to the provisions of the National strategic reference framework, the operational programme is co-financed within the framework of the European Social Fund.

4. The main directions of the support provided as a part of the operational programme are the development of education and science, the fostering of employment, social integration and health of labour force, and the strengthening of administrative capacity.

5. In order to ensure training of knowledgeable, skilful workforce corresponding to the labour market requirements, to provide opportunities to develop and improve knowledge for all social groups, as well as to secure the potential of people for science and research, within the framework of the operational programme the development of the scientific intellectual potential, quality of higher education and its correspondence with the labour market requirements will be promoted, and the professional and general education improved. Particular attention will be paid to providing all social groups with access to all levels of education.

6. To encourage inhabitants’ successful integration and persistence in the labour market for its part, the competitiveness of inhabitants in the labour market will be improved, their self-employment and entrepreneurship initiatives supported, and significant emphasis will be laid on improvement of work safety and provision of equal opportunities in the labour market for all social groups. In addition to that, preventative and prophylactic measures will be taken to raise the health level of society, as well as particular attention paid to ensure provision of healthcare services for groups at risk of social expulsion.
Along with the above, the public management institution capacity will be improved, thus ensuring compliance of its operation with the highest standards of quality and encouraging the accessibility of its services to wider public, as well as fostering the mutual cooperation of the public management, social partners and non-governmental organisations in creating and establishing a better policy oriented towards the needs of the society.

In order to improve programming documents and fulfill requirements set by the national and the EU legislation, the Ministry of Finance timely has signed a contract with an independent consortium of experts on the OP ex-ante evaluation and Strategic Environmental Assessment. According to the EC working documents on ex-ante, as well as taking into consideration experience from 2004-2006 programming period, the Ministry of Finance has closely collaborated with the ex-ante and SEA experts in improvement of the document and has succeeded in ensuring compliance of the document to the ex-ante and SEA recommendations. The cooperation with ex-ante and SEA experts will continue, contributing to the negotiations with the EC and analyzing the comments of the EC on the document and the draft versions of the document elaborated as a result of the negotiations.
2. **ANALYSIS OF THE CURRENT SITUATION IN THE SECTORS COVERED BY THE OPERATIONAL PROGRAMME “HUMAN RESOURCES AND EMPLOYMENT”**

2.1. **EDUCATION AND CONTINUING EDUCATION**

General skills

8. Since 1992 Latvia is participating in the international comparative studies on education. The results of the Programme for International Student Assessment OECD PISA 2000 indicated that the 15–16 year old youth in Latvia had low achievements in the basic skills (reading, natural sciences, mathematics) – 30.6% reached only the lowest level of competency or remained below it. Only 4% of students reached the highest level of competency.

9. The results of PISA 2003 show that Latvia has improved its performance in all fields however, the improvement is mainly determined by the results of students with previously very low and low achievement having grown better. The number of students reaching average and high level of competency is still low in Latvia and has not increased materially. The results of PISA 2003 indicate that achievement of the Latvian 15–16 year-old youth in basic skills has improved significantly – 18% reached the lowest level of competency or remained below, and 6% of students reached the highest level of competency. Still, achievement of our students is lower than the world and Europe average. The results of TIMSS 2003 in Latvia show that achievement in mathematics and sciences of 8th grade students is better with students from Rīga and other big cities of Latvia. This confirms that, in order to provide equal opportunities for continuing education and to foster regional development, it is essential to significantly increase investment in the countryside and small town schools in terms both of equipment and continuing education of teachers.

10. The secondary education final centralised exam results indicate\(^1\) that the proportion of individuals graduating with low or very low basic skills is still high at 27.18%. Particularly low performance is shown by the graduates of vocational education schools at 49.48% and evening schools at 36.35%.

11. In mathematics test of 2004 the lowest level (of 6 levels) was reached by 3.2% of secondary school students, at evening schools it was 17%, at vocational schools – 50%, at technical schools and colleges – 34.9%. The physics test in its turn produced respectively 5.8% at secondary schools, 34.8% at evening schools, 56% at vocational schools and 54.2% at technical schools and colleges.

12. In the study year 2004, 3782 students of 9th grade did not receive the certificate of primary education. These young people are repeating the 9th grade study programme once more – at the same school, at another educational institution, or at a pedagogical correction education programme. 12.2% of 9th grade graduates received an assessment lower than 4 points in the mathematics exam, 1% in Latvian language and an average of 3% in foreign language exams. The system of students’ study

\(^1\) Data of MoES, 2004.
achievement diagnostics does not provide complete feedback information on the learning difficulties and problems of the students.

13. The secondary school graduates have insufficient knowledge in sciences subjects and foreign languages. The reasons are: scarce and outdated equipment of sciences’ classrooms and labs, and insufficient and outdated learning aids for teaching of both sciences and foreign languages (that includes the scarcity of textbooks at schools). Schools have insufficient human resource capacity for introduction of new methods – there is a want of sciences and foreign language teachers (the existing sciences teachers are growing older, there is no influx of new teachers, and virtually in 2007 secondary and primary schools will begin lacking teachers of sciences; the acquirers of foreign language qualification do not work in schools).

**Education infrastructure and equipment for acquisition of general skills**

*Classrooms for natural sciences*

14. In learning natural sciences, specifically equipped classrooms are particularly important because the understanding of the content of these study subjects requires practical activity and demonstrations, especially when familiarising with the newest technologies and scientific methods. The learning materials and classroom equipment at the disposal of sciences teachers do not provide the opportunity to implement contemporary study content. The study material (devices for demonstrations, accessories for lab works etc.) is badly worn-out at schools in general and little replenished over the last 10–15 years. The classrooms have no computers, video projectors or other technical equipment for implementation of study content. The stocks of lab equipment, dishes, reagents and biological preparations are replenished insufficiently. The visual aids at schools are outdated.

15. Over the 2004 – 2005 planning period, a new secondary education curriculum will be developed and teachers trained within the framework of the National Programme ‘Improvement of subject curricula in natural science, technology and mathematics in secondary education’. The National Programme will cover only 50 of the 383 secondary schools (13 %), including one vocational education institution.

*Provision of information technologies*

16. The data gathered by 1 September 2004 show that in the comprehensive schools in Latvia there are 20,471 computers, i.e. there are 14 students per one computer (or 7 computers per 100 students). This number is approximately two times as low as the EU average rate. Approximately one third of the computers are outdated. This means that only about 14,000 computers are practically usable. So the actual rate is 21 students per computer (4.6 computers per 100 students), since the rest of the computers cannot function at full value with the newest software. The minimum requirement of the latest Microsoft products is Pentium III, which means that only 5,000 computers (less than 25 % of all the registered school computers) will be able to use Microsoft production. Since the generally accepted depreciation period for computers is 3 years, it can be considered that at schools a computer wears out in 4–5 years. Thus, in order to maintain the existing level, at least one fifth of the computers should be restored yearly, i.e. 4,000 computers per year. Otherwise, even the most optimistic forecasts predict 75 students per computer (1.3 computers per 100 students) already by 2008. Educational institutions lack computers and software adjusted for persons with functional disorders.

*Buildings and utility networks*
17. Over the period from 1997 to 1998, Latvia has carried out inspections of 1,150 educational institutions. The results of the inspections showed that at that point the necessary costs of the total engineering and technical improvements at educational institution buildings amounted to 646.1 million lats. In 2004 and 2005, as part of the State Investment Programme, 302 projects were supported with the total funding of 21.3 million lats. Although the state support has grown significantly, the need for financial support to get educational institutions into order exceeds the allotment nearly five times. In 7% of the educational institutions, the building safety and human life is threatened. If the present amount of investments persists, ten years later the proportion of such educational institutions in Latvia will be 60%. The costs of priority improvements constitute approximately 158.7 million lats. This is 20 times the annual investment in development of the infrastructure from the state and municipal budget. The most part of educational institutions are not adapted to people with functional disorders.

18. Efficient use of spaces in the educational system is characterised by classroom and workshop load and utilized capacity. The load of spaces in Latvian comprehensive education institutions differs greatly: from 41–58% in districts up to 110–112% in cities.

Choice of continuing education after acquiring primary education, and career counselling

19. Lack of career counselling in the period of primary education and insufficient awareness of opportunities in education and continuing education. It is necessary to broaden the support system for implementing of career education programmes in all types of educational institutions.

20. When assessing the choice of the youth with regard to further education, it can be observed², that at the beginning of the study year 2004/2005, of the total number of the youth who have finished the primary school:

- 65.5% continued their education in comprehensive education programmes,
- only 29.6% continued their education in vocational education programmes,
- 4.9% did not continue their education.

² 2005, CSB.
21. In the study year 2004, 21.5% of the total number of general secondary education acquirers did not continue their education, i.e. are forced to enter the labour market without any qualification and obviously poor achievement because they cannot continue their education on a higher level. 59% of the comprehensive day-school dropouts are boys. The data provided by the Central Statistical Bureau indicate that 67.1% of workforce with primary or incomplete primary education are men. This means that men are at risk of entering the labour market without any qualification and performing low-qualification jobs.

Figure 2: Choice of Future Studies by Students following Secondary Education
Source: Ministry of Education and Science

3 ISEC data on centralized exams
22. The number of students funded by the state budget in the initial vocational education is limited. The youth may acquire the initial professional education and adults may acquire the professional education also in private educational institutions at their own expense.

23. The above data allow to conclude that there is a disproportion between the choice of comprehensive education and that of vocational education following primary school. In the study year 2004/2005, of all the 16–18 year-olds in total 26 % (29.7 thousand) are acquiring vocational education and 74 % (70.9 thousand) – general education. Compared to the EU data on the proportion of learners in the initial VE programmes, the proportion is lower only in Estonia\(^4\).

24. The main reasons are insufficient orientation towards practical activity, the period of acquiring the vocational secondary education is one year longer (four years) than that of general secondary education, the vocational education institutions are comparatively far from the place of residence, and the lack of material resources does not allow living in the school hostel (the average grant amounts to 8.5 lats monthly), the vocational education institutions are not attractive because of their aging infrastructure.

25. Nearly a third of the general secondary education acquirers are forced to enter the labour market without any qualification and with low basic skills. One of the reasons is the fact that the vocational orientation measures are still scarce at schools and the choice of further education among young people is insufficiently goal-oriented.

26. Altogether, the involvement of the Latvian youth in the degree of secondary education is insufficient (73.7 %) in comparison with the developed EU countries and USA/Canada. It is caused by the low level of preliminary knowledge and insufficiently developed second-opportunity education.

27. The main problems are:

- a great proportion of students with low level of preliminary knowledge, and insufficient proportion of those with a high competency level,
- lack of career counselling in the period of primary education and insufficient awareness of opportunities in education and continuing education,
- disproportion between the choice of general education and vocational education after primary school,
- nearly a third of the general secondary education acquirers are forced to enter the labour market without any qualification and with low basic skills.
- insufficient involvement of the youth in secondary education,
- scarcity of educators, especially in sciences, mathematics and foreign languages,
- lack of adequately equipped classrooms, learning aids and equipment for sciences.

outdated educational infrastructure, educational institutions and their equipment is not adapted to people with functional disorders.

Vocational education

28. In Latvia, vocational education can be acquired or qualification improved at 173 vocational education institutions and 510 adult education institutions registered with the educational institution register of the Ministry of Education and Science, and state-funded vocational education (hereafter VE) can be acquired at 119 VE institutions (7 colleges and 112 vocational secondary or industrial institutions).

Characteristics of students engaged in vocational programmes

29. The percentage proportion of vocational education programme students of the secondary education stage in Latvia is comparatively low and makes up 47 % for men and 31 % for women. It is significantly lower than in other EU member countries (the Czech Republic – 85 % for men and 76 % for women, the Netherlands – 72 % and 52 %, Denmark – 59 % and 47 %). The reasons are: insufficient orientation towards practical activity, the period of acquiring the vocational secondary education is one year longer (four years) than that of general secondary education, the vocational education institutions are comparatively far from the place of residence, and the lack of material resources does not allow living in the school hostel (the average grant amounts to 8.5 lats monthly), the vocational education institutions are not attractive because of their aging infrastructure.

30. The data show that the proportion of students involved in vocational education and studying in vocational secondary education programmes is growing (i.e. acquiring the professional qualification of level 3 and secondary education allowing to continue education in the higher education stage), respectively 53.4 % of all students in 2000 and 67 % in 2004. What concerns the choices of boys and girls, there is no difference; 66 % of all boys engaged in vocational education and 67 % of girls are studying in secondary education programmes. However, the progress in this direction is threatened by the low level of the youth’s basic skills at the end of primary education. In 2005, the VE institutions accepted 647 students with unfinished primary education, and there was a big proportion of young people dropping out of the VE institutions.

31. The most part of the students are expelled within the first two years: In 2001, 76.4 % of the total number of expelled students dropped out, in 2004 – 71.8 %.

32. Within the framework of craft education, 157 crafts can be learned on the level of apprentice and master, but for now a half of these opportunities are taken. The diploma of apprentice and master are acquired yearly by 400 people of various ages; most of the young people thereof are acquiring the apprentice qualification while at the same time studying similar vocational education programmes. In Latvia, the opportunities are insufficiently used to acquire crafts at apprentice status from a craftsman or individually at the place of work by combining learning of the craft and studies, for instance in an evening-school, thus expanding the opportunities of the young people to acquire professional skills.

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Data of the Ministry for Education and Science
33. A large part of students enter the vocational education institutions with poor knowledge and low motivation for studies\(^7\), a great proportion of the learners come from families of moderate means or socially disadvantageous conditions. A huge number of students terminate studies because the financial conditions of their family or of orphans does not allow living in the hostel of the educational institution and covering transport costs of travel to home. In contrast to the higher education and college students, the crediting system is not applied to the secondary education stage. The vocational education institutions often have to fulfil a more social than educating function.

34. Similar are the problems of people with low preliminary knowledge level or functional disorders. The lack of adapted schools, suitable programmes and social support prevents these people from obtaining knowledge and skills appropriate for working life. In this aspect, a great role is played by career counselling at work in educational institutions and availability of appropriate education for people with low level of preliminary knowledge or functional disorders.

35. According to the Lisbon strategy and Copenhagen process goals, the proportion of expelled students of vocational education programmes in 2010 must be lower than 10 per cent. The number of students expelled in Latvia has not changed over the last 4 years – 12.9 % excluding the students who have terminated studies due to illness.

36. In 2004, 3.6 % of VE acquirers were registered with the register of the unemployed, and that makes up 0.46 % of the total number of the unemployed (in 2000 it was 4.4 %, which makes for 0.6 % of the total number of the unemployed).

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\(^6\) CSB, *Vocational Education Institution Reports Prof-1.*

\(^7\) *Data of MoES.*
37. The proportion of unemployed vocational education acquirers has decreased over the last 4 years by nearly 1%\textsuperscript{8}. The data indicate that the young people acquiring a qualification are able to integrate in the labour market or continue their education.

\textit{Correspondence of vocational education supply to demand in economy}

38. The coverage (availability) of vocational education programmes in the territorial aspect is satisfactory.

39. In 2004, 11,374 students graduated from VE programmes, of which 24% graduated in the service sector, 8% in healthcare, 2% in agriculture, 41% in engineering (including material processing and technology, 15% in social sciences, 5% in humanities and arts, 2% in general education programmes (1 year adjustment programme)\textsuperscript{9}.

40. The pattern of education acquirers in regional and branch section prove that the supply of VE programmes is satisfactory; however, in correspondence with the growing proportion of services in the service field, the number of education acquirers (students) in the service branch is not sufficient. The research of Machine Building and Metal Processing Association and the Latvian University of Agriculture in the branches of machine building and metal processing as well as agriculture show that the national economy development requires increase in the number of vocational education institutions’ students in these branches.

41. The data show that girls rather choose the vocational education programmes in humanities and arts (73% of the students), social sciences, commerce and law (77% of the students), and healthcare and social welfare (93% of the students). More often than girls, boys opt for studies in engineering, manufacturing and construction (87% of the students), technologies, natural sciences and mathematics (85% of the students).

42. Training of technical specialists is hindered by the low achievement of the youth in the exact subjects, as well as by the inadequacy of the content of vocational education, material and technical base of the institutions and learning aids, as well as the trend of a great proportion of vocational school drop-outs being boys.

43. If funding for the branches of engineering and natural sciences is increased without simultaneously taking measures for popularizing equal engagement of both genders in studies in the above educational programmes and without improving the achievement of the youth in technical and exact subjects, there is a risk that the number of qualified specialists will not grow.

\textit{Content of vocational education programmes}

44. The correspondence of the vocational education content to the demands of the labour market is fostered by existence and topicality of occupational standards. The MoES Register shows that occupational standards are approved for 66% of qualifications that can be obtained through vocational education programmes. However, the high unemployment rate in young people (19% of the 15-24 year-olds in 2004) and the State Employment Agency data on the unemployed vocational education institution graduates show that the main reason for unemployment in the youth is insufficient or inadequate education for the labour market demands, complemented by lack of

\textsuperscript{8} Data of the National Observatory of Latvia (2004).

\textsuperscript{9} CSB, 2005.
professional skills. The causes of vocational education content inadequacy for the labour market demands are insufficient cooperation with the employers (especially in organising study work internships), as well as insufficiently clearly defined mid-term national economy demand by sectors, which is made more difficult by the non-existence of a middle and long-term labour market forecasting system. Employers’ organisations cannot take the full responsibility of the development of occupational standards and competency descriptions due to the insufficient capacity.

45. In order to encourage cooperation with the Social Partners, the Regional Vocational Education and Employment Boards have been established in Kurzeme, Southern Latgale, Vidzeme and Zemgale, and RVEEC work plans developed, which have been approved by the Tripartite Cooperation Sub-council on Vocational Education and Employment. Yet, the material base and human capital provision is still insufficient for ensuring full-fledged and efficient operation of the RVEEC in coordination of vocational education and cooperation with the local employment institutions and local municipalities in regions.

Infrastructur and material and technical supply of vocational education

46. The inspection of vocational education institutions carried out within the framework of the World Bank credit project already in 1997 indicated that the average wear-and-tear of all buildings of vocational education institutions amounted to 56%. The total cost of improvement exceeded 150 million lats. The most serious of the state-budget-funded repairs concerned roof, communications and windows.

47. From 2000 to 2003 the World Bank project resources – approximately 3 million lats – were invested in the renovation of 17 vocational education institutions’ buildings. The yearly state budget funding is primarily used for covering current expenses of educational institutions – heating and utility payments, teacher salaries etc. Serious repairs of buildings, purchase and modernisation of equipment and learning aids is mainly implemented using the resources of international projects (0.2 million lats from the state budget are invested annually in the improvement of vocational education institutions’ infrastructure). Over 2004–2006, an investment of 3.1 million lats from the European Regional Development Fund resources is planned into development of the infrastructure of 28 vocational education institutions (approximately 1/3 of the vocational education institutions), which includes improving the material and technical supply of 28 vocational education programmes. The infrastructure of vocational education institutions is not adapted for people with functional disorders. To ensure availability of the vocational education, every region must be provided with at least one vocational education institution fitted for people with functional disorders. A separate issue is compliance with work safety requirements in the vocational education institutions – for one educational institution 0.1 million lats are necessary. Up to now vocational education institutions have not substantially improved classrooms. Equipping of classrooms and labs for natural sciences require more than 6 million lats. In the planning period of 2004 – 2005, the support for equipment of classrooms for natural sciences will only be received by one school.

48. In order to make vocational education institutions more attractive, to raise their image in the eyes of the community, and to increase the number of students of vocational education programmes, it is necessary not only to improve the content of the educational programmes but also to modernise the material and technical base of studies through cooperation with employers, to use the newest technologies in study
internships. Decreasing of the number of inhabitants with low level of basic skills and those who have not completed educational institutions requires development and implementation of comparative educational programmes which would allow people with unfinished primary education to acquire vocational education. It is material also to foster provision of education supply as close as possible to the place of residence and integration into acquisition of vocational education of the groups of people at risk of social exclusion. Substantial improvement of the quality and material & technical supply of vocational education will decrease the number of the unemployed young people, qualification of the labour force will correspond with the labour market demands.

49. The vocational education institutions lack provision of computers and software, which constitutes a serious obstacle to training of students in compliance with the European Computer Driving Licence (ECDL).

![Figure 4: Computers for Vocational School Students](image)

**Sources: Data of MoES**

50. For comparison, the number of students per 1 computer / internet connection in 2001: the EU average – 8.6 / 14.9, the Netherlands – 9.1 / 15.4, Finland – 6.8 / 7.5, Ireland – 8.3 / 13.1, Denmark – 1.5 / 2.0.

51. In vocational education establishments the proportion of young educators is decreasing and the proportion of older educators is increasing. Due to the comparatively low pay, it is difficult to attract young people from production. As in the entire education system, most educators in vocational education establishments are women (70% in the academic year 2004/2005). Further education is not provided in sufficient amount for educators of vocational education (when courses for 25 listeners are offered there are, on average, 36 applicants, demand exceeds supply by 44%).

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10 CSB, Vocational Education Institution Reports Prof-1.
11 Data of MoES.
52. More than 2/3 of educators are over the age of 40. That means they have graduated from tertiary education establishments more than 15 years ago and have had little possibility to acquaint themselves with modern production technologies.

53. In accordance with the Law on Education, every educator is entitled to use 30 days over three years for the improvement of their educational and professional proficiency while retaining the basic pay in the educational establishment in which the educator works. Due to the current amount of financing only 25% of educators can use these opportunities. The priority for the nearest future is to further professional knowledge and skills of educators in the corresponding sector. Further education is not provided in sufficient amount for educators of vocational education (when courses for 25 listeners are offered there are, on average, 36 applicants, demand exceeds supply by 44%).

54. In order to provide it, an opportunity for educators of vocational education to participate in fieldwork in companies should be created. In cooperation with vocational education establishments, support structures to implement educator fieldwork should be formed in the companies. A possibility for financial stimulation of company employees taking part in the educational process should be found.

Acquiring Qualifications

55. The results of qualification examinations indicate improvement in the average indicators of qualification examinations, in 2005, the proportion of students who acquired qualifications is 94% (in 2004 it was 92%). However, employers are not satisfied with the requirements of the qualification examination since these, as well as the material-technical environment and used materials, do not comply with the requirements of modern production and situation, and with the length of the examination during which it is not possible to test the skills of the students in correspondence with the requirements set out in the occupational standards.

56. Major issues:

- Due to the lack of career counselling, youth motivation and attractiveness of professional education, there is an insufficient number of VE students. The number of young people with low basic skills and low motivation to study is increasing in the area of vocational education; also the

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12 CSB, Vocational Education Institution Reports Prof-1.
The proportion of young people expelled from schools is high, especially among boys. In many cases this is connected with the poverty of the family and social conditions. In such conditions vocational education institutions are often performing more of a social than educational function.

- The content of vocational education, knowledge of educators and the quality of programme implementation still do not correspond to the requirements of the market, qualified workers and technicians for the rapidly developing national economy sectors are prepared in insufficient number. Gender-based segregation of students can be observed in the vocational education programmes, thus reinforcing the horizontal gender-based segregation in employment.

- Cooperation between vocational education establishments and employers is insufficient. Employers lack stimuli to offer internship for students of vocational education establishments and provide fieldwork opportunities for educators.

- There is insufficient sector research for forming qualification structures, developing occupational standards and the content of the centralised vocational qualification examinations and implementing them in the necessary amount.

- Buildings of vocational education establishments are physically obsolete; their maintenance requires considerable financial resources. The professional knowledge and skills required in the labour market can not be acquired with the current material basis of studies. Vocational education establishments are not suited for persons with functional disorders.

### Higher Education (Tertiary Education)

57. At the beginning of 2005 there were 56 operational tertiary educational establishments - 36 higher educational establishments and 20 colleges. Apart from the mentioned higher educational establishments and colleges there are four more private colleges established and registered in the State, which have not yet started to accept students.\(^3\)

58. In the academic year 2004/2005, the total number of students was 130,693 (out of which 63% of 82,539 were female) which was by 46% more than in 1999. The number of students per 10,000 residents in the academic year 2004/2005 was 556,

\(^3\) MoES data, "Survey of Tertiary Education in Latvia in 2004 (Numbers, Facts, Trends.)"
which is the second largest indicator in the world (for comparison: the EU average – 371, Lithuania – 530, Estonia – 490, Finland – 520, Sweden – 390, Germany – 250, Poland – 410, Russia – 410, Belarus – 320 students per 10,000 residents). Although this is a high indicator, it can largely be explained with the low prestige of secondary vocational education, low prestige of vocations and limited economic activity factors in the State in total, that make young people choose to continue their education after acquiring secondary education in order to achieve the maximum prerequisites for their further working life.

59. The overall positive sign in the characterisation of State social strata structure, the high number of students, has so far not been followed by an appropriate public funding allocation strategy, the allocated State budget assets do not provide study opportunities for the rapidly increased number of students (77% of students have to pay for their studies themselves).

### Table 1: Tertiary (Higher) Education in Latvia

<table>
<thead>
<tr>
<th>Number of students per 10,000 residents</th>
<th>Latvia</th>
<th>EU average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total financing of tertiary education vis-à-vis GDP</td>
<td>556</td>
<td>371</td>
</tr>
<tr>
<td>Including public financing vis-à-vis GDP</td>
<td>1.5%</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Education and Science

60. More than half of the entire number of students study in the three major higher educational establishments (The University of Latvia, Riga Technical University and Latvia University of Agriculture). Most of higher educational establishments are located and formed in Riga. Higher educational establishments outside Riga are located in Daugavpils, Jelgava, Liepāja, Rēzekne, Valmiera and Ventspils. The formation of higher educational establishment branch offices and their involvement in the development of several regions could be mentioned as a positive trend, which gives hope that regions will develop in a more balanced manner.

**Correspondence of Tertiary Education Supply with the Demand of the National Economy**

61. Latvia has an insufficient number of students in natural sciences, engineering sciences and technologies, as well as in medicine and healthcare study programmes, this is partly connected with a low level of entrant knowledge in the hard subjects. In comparison with the average EU indicators, there were only 5.2% of students in the natural sciences and mathematics sector in Latvia, while the average EU indicator in 2004 was 11.8%.

62. Regarding the cause for the abovementioned situation, first of all it should be mentioned that State education standards offer secondary school students the choice of such secondary educational programme directions that have few natural science and hard subjects. Therefore, many secondary school graduates can not choose to study hard, natural science and engineering science curricula because their secondary education certificate and results of centralised examinations lack assessment in the required subjects. This is especially characteristic for women who represent less than 30% of all students in natural and engineering sciences. In total, the gender-based segregation of study sectors can still be seen in Latvia. Although the female proportion in the total number of students has an increasing trend (63% in the
academic year 2004/2005), by analysing the proportion of students in study sectors from the gender aspect, it can be seen that women dominate in the thematic groups of education, the humanities and art, as well as in healthcare and social welfare accounting for 78 - 87% of the total number of students.

63. Labour market and professional associations have only recently started to clearly define their requirements for the number and preparation of specialists in their sectors and submitted their demand to MoES or to specific higher educational establishments and colleges.

64. The second cause – the cost of a study place in the hard, natural and engineering science curricula is 2-3 times higher than in the social or educational sciences. Since 77% of students in Latvia have to pay for their studies themselves (tuition) most students choose the cheapest study programmes.

65. The above confirms that people who have received secondary education lack knowledge in subjects of natural sciences. Several factors contribute to this:

- Inadequate standards that set both the content and the necessary amount of lessons in a specific subject;
- Imperfections of the centralised examinations system, examinations in subjects of mathematics and natural sciences should be mandatory;
- The equipment of classrooms – in most schools it is obsolete and should be renewed in full;
- Lack of textbooks and teaching aids in schools. It is necessary to purchase textbooks so that students can receive them for free;
- During the study process the traditional gender roles and the perception of occupations appropriate for women and men are reinforced, as a result of which few girls choose to study the difficult subjects and therefore opt for a career in this sector.

66. The low prestige of natural and engineering sciences among students is also created by the insufficient and obsolete study equipment and the condition of the premises that are planned for modernisation with the help of the EU structural fund assets.

### Table 2: Proportion of Students in Natural Sciences and Engineering

<table>
<thead>
<tr>
<th>State</th>
<th>Proportion of Students in Sectors of Natural Sciences and Mathematic, %</th>
<th>Proportion of Students in Engineering Sciences and Technologies, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvia</td>
<td>5.2</td>
<td>9.5</td>
</tr>
<tr>
<td>Estonia</td>
<td>8.7</td>
<td>12.7</td>
</tr>
<tr>
<td>Lithuania</td>
<td>4.9</td>
<td>21.6</td>
</tr>
<tr>
<td>Slovenia</td>
<td>5.0</td>
<td>17.5</td>
</tr>
<tr>
<td>Denmark</td>
<td>10.1</td>
<td>10.6</td>
</tr>
<tr>
<td>Ireland</td>
<td>20.6</td>
<td>14.9</td>
</tr>
<tr>
<td>Finland</td>
<td>10.9</td>
<td>25.9</td>
</tr>
<tr>
<td>EU-15 average</td>
<td>11.8</td>
<td>14.5</td>
</tr>
</tbody>
</table>

Source: Ministry of Education and Science
Data on higher educational establishment graduates show that in 2004 most graduates received their first professional qualification\textsuperscript{14}, As can be seen from the following graph, the number of doctor's degree recipients in Latvia is tiny, not only in comparison with the EU member States, but also in comparison with the neighbouring countries - Lithuania and Estonia. This means that the State lacks specialists able to create new products with high added value (incl. the science capacious products).

Of the total number of students who received a degree or qualification, 69\% were women, which shows that men are more passive in acquiring tertiary education than women.

\begin{figure}
\centering
\includegraphics[width=0.5\textwidth]{graduates.png}
\caption{Graduates Awarded Academic Degree or Qualification in 2004}
\end{figure}

The quality assessment of natural and engineering science curricula occurs based on the results of the accreditation process. The major drawback of these sectors is the lack of modern equipment, hardware, machinery and tools (study and research material base). Therefore, from this aspect the quality should be increased.

\textit{Infrastructure of Tertiary Education and Material Technical Supply}

About 25-30\% of total higher educational establishment premises is modern and corresponds to contemporary requirements, while 20-25\% is in a satisfactory state. The remaining half of higher educational establishment and college premises, most of which are owned by the State, require renovation. Most of the buildings were built 30 years ago and earlier and have practically had no thorough repairs. Higher educational establishments are not suited for persons with disabilities. Utility networks, heat transfer stations, water supply and ventilation systems are obsolete. The same applies to laboratory and institute machinery and equipment, scientific hardware and other infrastructure necessary for research that is obsolete and worn out, so its renovation is a very important issue in all higher educational establishments of the State, especially in the regional higher educational establishments, where, in some cases, there is no laboratory infrastructure and equipment whatsoever.

\textsuperscript{14} In the study year of 2004/2005, of 130 693 students in 56 tertiary education institutions 54 \% had opted for professional programmes. Data of the MoES
#### Table 3: Internet and Computer Resources of Higher Education Establishments and Colleges

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Total</th>
<th>State Higher Educational Establishments</th>
<th>Higher Educational Establishments Created by Legal Persons</th>
<th>State Colleges</th>
<th>Colleges Created by Legal Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Computers</td>
<td>8767</td>
<td>6170</td>
<td>1612</td>
<td>852</td>
<td>133</td>
</tr>
<tr>
<td>Number of Internet Connections</td>
<td>8014</td>
<td>5709</td>
<td>1556</td>
<td>692</td>
<td>57</td>
</tr>
<tr>
<td>Number of Students on one Computer</td>
<td>12</td>
<td>11</td>
<td>18</td>
<td>10</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: MoES data

71. In total about 587 curricula implemented in Latvia have been accredited for 6 years and 74 curricula for 2 years. In accordance with the Latvian, as well as the EU legislation on tertiary education, the quality of the curriculum is evaluated during the accreditation process. The structure of the academic personnel is the following: professors – 11%, assoc. professors – 13%, assistant professors – 24%, lecturers – 36%, assistants – 11% and researchers – 5%.

72. One of the problems is the aging of faculty. The age structure of the academic personnel continues to grow worse and the number of academicians with a scientific degree is shrinking as well – 46% (in 2002 – 50%). The number of people holding a doctor’s degree is not sufficient; it is lower that the respective number in the EU, as well as in Estonia and Lithuania, and it is difficult to attract them due to the low pay. Pay is not the only, and often not the main, reason.

73. Among other causes, there is, for example, the fact that the academic staff of higher educational establishments work in several higher educational establishments simultaneously thus reducing work efficiency. There are no plans to use EU Structural Funds for the elimination of this and other causes, therefore their analysis is not provided. Most of these causes could be eliminated, for example, through legislation. That is why a new draft Tertiary Education law has been developed and is currently under discussion.

74. In total higher educational establishments employ only 204 researchers and leading researchers.
It is clearly evident that there is an insufficient number of highly qualified new specialists, especially doctor’s degree holders, since 50% of the faculty is older than 50 years.

Major issues requiring solution:

- Huge disproportion of students and prepared specialists – more than half of students study social sciences, insufficient number of students in the natural sciences, engineering sciences and technologies;
- Aging of the academic staff (especially, among professors and associate professors) and the lack of new educational staff;
- Obsolete material base for studies and research, practically no modern scientific research machinery and hardware, in some regional higher educational establishments there is no machinery and hardware whatsoever in many study sectors, many buildings and premises, utility networks, heat transfer stations, water supply and ventilation systems have become obsolete due to the lack of thorough repairs;
- Insufficient supply of higher educational establishments with information technologies.

Continuing Education

Development goals of the educational system are set out in the draft Guidelines “Education Development Concept for 2006 – 2010”. The guidelines set out the following priority axes: to improve the educational quality in natural sciences at all stages of education, to develop education that includes residents over their entire life, to improve the supply and quality of education in accordance to the needs of the national economy.

A trend indicates that further economic activity of a person in the labour market is largely dependent on their opportunities for receiving corresponding continuing education in order to acquire the skills that allow for successful competition in the labour market. To facilitate the opportunities of various social groups to take part in education, it was planned to develop the programmes in the form of teaching models for all levels of education, for full-time studies, part-time studies, as well as for distance learning.

The unbalanced social economic development creates different possibilities for rural and urban residents to acquire high quality education throughout their entire life. The national programme "Development and Implementation of Lifelong Learning Strategy" commenced in August 2005. Within the framework of the programme a survey has been started on the accessibility of education in the State, including the regional aspect. Adult education has been delegated to local municipalities; therefore its provision is directly dependent on the economic capacity of the local municipality.
Adult education has developed over the last years, since different State and private educational establishments have taken part in providing it. Adult education centres were established in rural areas and cities. These were established both as autonomous educational establishments and in partnership with regional educational establishments.

The number of unemployed in the State indicates an inadequacy between the supply of educational programmes and the demand of the labour market. Poor knowledge of foreign languages and the inability to use modern technologies, as well as ignorance of entrepreneurial principles hinder participation in lifelong learning and the labour market. Until now accessibility of lifelong learning to various resident age groups has been insufficient, informal education system is weakly developed (there is limited understanding of informal education in society) and supply of lifelong learning with career counselling is insufficient. Establishments involved in providing continuing education services and their equipment are not suited for persons with disabilities, therefore reducing the opportunities of these persons to acquire or switch qualification.

The insufficient continuing education of already employed workers and investments of employers into human resources is not sufficient. Employee training that is organised and financed by the company mostly takes place in big companies (70% of the total amount). Most adult continuing education programmes are supplied in the social sciences and the humanities (in total 57%) because these have a comparatively lower cost. The supply is insufficient in engineering sciences and the sectors and fields supporting knowledge-based economy. When selecting their personnel SMEs often encounter problems: insufficient skills in entrepreneurship management, poor management, entrepreneurship and technical knowledge for developing business plans of a high quality and value, insufficient level of knowledge on financial or cash flow management, labour relations and application of labour safety legislation.

In the SF programming period of 2004 – 2006 the SF funded activities aimed at the continuing education of employees. Grants were awarded to individual companies that substantially improved bureaucratic procedures, which entrepreneurs encounter when receiving funding and often cause low entrepreneur activity when applying for State support. In the 2007 – 2013 programming period, the development of human resources in companies should be facilitated by offering not only grants, but also specialised training programmes that are directed towards the training of companies in one or several related sectors and providing sector-specific training projects.

The continuing education content (programmes) for educators is being developed in a sufficient amount (848 programmes have been coordinated with the MoES for 2005) Continuing education is not provided to a sufficient extent for educators of vocational education (when courses for 25 listeners are offered there are, on average, 36 applicants, demand exceeds supply by 44%).

The increase of the average age of educators could lead to a crisis in the State teacher supply in the nearest time. MoES data of 2004/2005 shows that 9.09% of the total number of educators is of retirement age, but 9.52% is older than 60. The number of new teachers in educational establishments is decreasing every year. If in 2000/2001 19.23% of the teachers were 30 or younger, then in 2004/2005 only 15.01% of the total number of teachers remained in this age group. In the gender breakdown of general education educators, an evident majority of women can be seen. The fact that 88% of the teachers in comprehensive schools are women serves as evidence for the
explicit gender segregation in the Latvian society. The concentration of women in one occupation is connected with pay problems in this field. Low pay influences the choice of representatives of both single occupation and single gender.

86. Major issues:

- The insufficient accessibility of lifelong learning for residents in various age groups, insufficient supply of lifelong learning with career counselling and lack of lifelong learning policy tools;
- The insufficient participation of employers in the development of human resources;
- The insufficient comparability of vocational education in Latvia, incl. with respect to formal and informal evaluation and analysis of skills.

**Education for Children and Young People with Special Needs**

87. Every year the number of pre-school children with functional disorders increases. In the academic year 2004/2005 the special groups of pre-school education were attended by 4,522 children with functional disorders, including 2,615 children aged 5-7. Of these 468 children had eyesight disorders, 481 had intellectual disorders, 427 had movement disorders, 2,537 had speech disorders, 71 had hearing disorders and 455 had tuberculous infection. Children with functional disorders could acquire pre-school education in Latvia in 40 special educational establishments with 222 special pre-school educational groups, in 95 special pre-school educational groups in general type pre-school educational establishments and in 12 special pre-school educational groups formed in schools.

88. In 2004 educational service was provided for 9,822 (3% of the total number to be educated) children with functional disorders and only 1,785 of them have been integrated into comprehensive educational establishments. In comparison with the previous year, the number of pupils with functional disorders in comprehensive schools has increased a little, especially in Rīga and the region of Latgale. The number of such pupils has also increased in extracurricular/informal education (in 2004 – 1,741), but has decreased in vocational education establishments (in 2004 – 295) although the integration of these pupils into vocational education programmes, which had 21 such pupils, continued in 2004.

89. Educational establishments also provide training for adults, unemployed and people searching for employment, including the disabled. This training is often not available for persons with functional disorders, because educational establishment premises and equipment are not fitted accordingly. Therefore, it is essential to integrate persons with functional disorders of any age into comprehensive, vocational, tertiary and extracurricular education programmes, as well as involve them into lifelong learning in order to facilitate employment possibilities.

**Infrastructure**

\[15\] *Informational report on the progress of implementation of the National Action Plan of Latvia 2004-2006 on Eradication of Poverty and Social Exclusion.*
90. Special educational programmes are attended by 3.1% of the people to be educated. In 2004, educational services were provided for 9,822 (3% of the total number to be educated) persons with functional disorders and only 1,785 of them have been integrated into comprehensive educational establishments. 9 comprehensive educational establishments and 2 tertiary education establishments have been fitted for persons with functional disorders, but there should be at least 38 establishments (one fitted educational establishment in every district and in the major cities).

91. In comparison with the previous year, the number of pupils with functional disorders in comprehensive schools has increased a little, especially in Rīga and the region of Latgale. The number of such pupils has also increased in extracurricular/informal education (in 2004 – 1,741), but has decreased in vocational education establishments (in 2004 – 295) although the integration of these pupils into vocational education programmes, which had 21 such pupils, continued in 2004.

92. A significant drawback in the integration of young people into the general education system is the fact, that the State does not have specific, economically justified funding for every child/young person with special needs, regardless of the type of educational establishment they attend. There is insufficient early medical, educational psychological diagnosis and medical assistance. It is difficult for young people to fit into society after leaving the special educational establishment.

93. In correlation with that planned, special education development centres are operational and provide methodological support for the integration of pupils with special needs into comprehensive educational establishments. There is an insufficient number of educational establishments fitted for pupils with movement disorders.

94. From the engineering and technical aspect there are five educational establishments fully suited for the integration of children with disorders of physical and mental development in Latvia and nine partially suited establishments for children with movement disorders, as well as the premises of the State Pedagogical Medical Commission.

95. It is necessary to increase the accessibility of educational establishments for persons with functional disorders, as well as to initiate the transfer of special educational establishments into integrative educational establishments. There is an insufficient number of educational establishments fitted for persons with functional disorders.

96. The integration process of pupils with disorders of physical or mental development is delayed by the insufficient preparation of educators for work with pupils with special needs. It is necessary to train students of higher educational establishments for work with children with special needs. In the 2004 – 2006 programming period, within the framework of ESF projects, educational establishments can receive support for activity “Development and Implementation of Pedagogical Correction or Recovery Programmes and Courses”.

97. “The Regulation on Teacher Education” (adopted with MoES instruction No. 74 as of 16 October 1996) envisages a mandatory requirement of one special education course in the general content of any teachers’ education study programme. Therefore, it can not be said that the students of higher educational establishments are trained to work with children with special needs.

98. Major issues:
- Insufficient number of educational establishments accessible for pupils with special needs;
- Insufficient preparation of educators for work with pupils with special needs;
- Insufficient integration of persons with functional disorders into the general education flow;
- Access to tertiary education is not provided for persons with functional disorders;
- Educational establishments are not provided with relevant specialists for work with persons with functional disorders;
- Insufficient material technical base for persons with functional disorders at all levels of education;
- Low prestige of the teaching profession.
2.2. EMPLOYMENT AND UNEMPLOYMENT

99. The goal of Latvia’s employment policy is to increase the employment rate to reach the strategic indicators (table No. 4) defined by the European Union, as well as solve unemployment problems on the basis of successful economic growth.

100. The employment goals set by Latvia for 2010 are a bit behind the level defined by the EU, see table "Main Employment Indicators", since several problems in the Latvian labour market hinder the setting of higher goals.

Employment

101. In the time period 1999 – 2004, the employment rate in Latvia has increased by 3.5 percentage points reducing the difference with the average EU indicator to 1 percentage point, which was 63.3% in 2004\textsuperscript{16}. Female employment rate was 58.5%, which was by 2.8 percentage points higher than the EU average, but male employment was 66.4% falling behind the average EU indicator by 4.5 percentage points.\textsuperscript{17}

Table 4: Main Employment Indicators

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Employment rate (15-64)</td>
<td>57.5</td>
<td>58.6</td>
<td>60.4</td>
<td>61.8</td>
<td>62.3</td>
<td>64.0</td>
<td>67.0</td>
<td>63.3</td>
</tr>
<tr>
<td>Female Employment rate (15-64)</td>
<td>53.8</td>
<td>55.7</td>
<td>56.8</td>
<td>57.9</td>
<td>58.5</td>
<td>60.0</td>
<td>62.0</td>
<td>55.7</td>
</tr>
<tr>
<td>Senior Employment rate (55-64)</td>
<td>36.0</td>
<td>36.9</td>
<td>41.7</td>
<td>44.1</td>
<td>47.9</td>
<td>46.0</td>
<td>48.0</td>
<td>41.0</td>
</tr>
<tr>
<td>Level of Economic Activity (15-64)</td>
<td>67.2</td>
<td>68.0</td>
<td>68.8</td>
<td>69.2</td>
<td>69.7</td>
<td>-</td>
<td>-</td>
<td>69.6</td>
</tr>
<tr>
<td>Unemployment rate (15-74)</td>
<td>13.7</td>
<td>12.9</td>
<td>12.6</td>
<td>10.4</td>
<td>9.8</td>
<td>&lt;10.0</td>
<td>&lt;10.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Long-term unemployment rate (15-74)</td>
<td>7.9</td>
<td>7.2</td>
<td>5.7</td>
<td>4.3</td>
<td>4.3</td>
<td>-</td>
<td>-</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: Eurostat

102. Although female employment indicators are higher than the EU average, there are still several signs indicating inequality in the labour market. Discrimination in the labour market is characterised by problems like: women on average receive lower pay for the same work as men, there is lack of information on possibilities of reporting gender discrimination etc. One of the main obstacles for female participation in labour relations is the difficulty to combine working life with family life, aggravated by the low accessibility of babysitter services, kindergartens, day-care centres and alternative care centres.

103. A large role in the development of opportunities to coordinate working and family life is played by application of flexible employment agreements, for example, possibility to work part-time, aggregate working hours, division of work duties, flexible working time suited for group work, Tele-work, baby care centre/room in the work place. 5.4%

\textsuperscript{16} A comparative analysis was run on employment rate data of 15-64 year olds.

\textsuperscript{17} Source: EUROSTAT. „Main LFS Indicators 2004” of CSB demonstrates 61.5% for men and 51.3% for women.
of the total number of employees worked part-time in 2004 (for men this indicator was 3%, for women - 8.0%). Latvia's indicators in respect to part-time employees are significantly lower than the average in the EU countries (14.7% of the total number of employees, 4.4% male, 26.6% female)\textsuperscript{18}. In fact this indicator shows the limited choices of flexible working hours, as well as the time division trends between women and men – women are usually taking care of children and other family members, and this defines their choice in favour of part-time work. Due to limited accessibility of care services, social partners, especially employers, should do more to facilitate the accessibility of flexible forms of employment, as well as facilitate a greater involvement of men in taking care of family and dependants.

104. Also the significant decrease in the number of residents (2004/2005 - 12.8 thousands) and the rapid aging of the society should be mentioned. According to demographic forecasts the number of workforce will remain overall stable until 2010 and fall rapidly between 2010 and 2030. This fall will be accompanied by significant changes in the workforce age structure when the number of 15-24 old young people will rapidly decrease while the number of 45-64 old people will increase, which will form a great number of old people in 2050.\textsuperscript{19}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{population_forecast.png}
\caption{Population Forecast (2005-2050)}
\end{figure}

\textit{Source: Indicators of Calculations by the Ministry of Welfare}

105. Taking into account the transit of the national economy from planned to free market, as well as the insufficient opportunities for lifelong learning, an increasing inadequacy of workforce skills and abilities for the labour market requirements can be observed during the last decade. There is not enough credible statistical data and its analysis to carry out labour market monitoring and establish the lack of workforce in specific sectors and professional groups of the national economy. The final results of the ESF supported labour market survey are expected in mid-2007, providing a deeper insight into the problems of the labour market and proposals for their solution. To ensure the sustainability of the results, further support for the creation and consolidation of labour market long-term forecast system is required in order to carry out labour

\textsuperscript{18} Labour Force Survey results, EUROSTAT.
market surveys and consolidate the capacity of institutions involved in labour market monitoring.

106. Since Latvia joined the EU there has been no statistical data on working permits issued to the citizens of EU/EEA. Information on the residence permits issued with entitlement to work is not complete and can not be used for the analysis of the labour market situation. Single supervision system of workforce movement has not been developed in the EU, which makes it difficult to show the real situation in the labour market of Latvia, incl. the employment of foreigners.

107. Employment rate is higher in the Rīga region (67.3% in 2004) and in Kurzeme (62%), but it is lower in Latgale (53.6%), Zemgale (59.6%) and Vidzeme (60.2%). There is a trend for the employment rate to increase in Kurzeme and Rīga region, but decrease in Vidzeme, Zemgale and Latgale. Differences in infrastructure, geographic location and access to resources influence the development speed and competition of growth of the national economy. Geographic mobility (domestic) of the workforce is minimal, taking into account the inadequate traffic infrastructure, high rents, and undeveloped construction of residential buildings that reduces the possibilities of territorial cohesion.

108. In comparison with the European Union (EU-25 – 15.9%, EU-15 – 14.9%), the average proportion of self-employed persons per total number of employed residents is rather low; 13.3% (13% in 2003) of the people employed in principal work were self-employed persons in 2004. Furthermore, in the time period 1997 – 2004 the proportion of self employed persons per total number of employed residents decreased by 46.6% or 6.2 percentage points (from 19.5% to 13.3%). For example, in Lithuania this indicator is 18.4%, Czech Republic – 18.8%, Poland - 29.0% and in Italy – 25.2%. By analysing the age group structure of the proportion of self-employed persons in the total number of employed residents it can be seen that in the European Union, incl. Latvia, more than 75% of the self-employed persons are aged above 55 and therefore it is necessary to increase the proportion of young self-employed persons.

109. Despite the comparatively low minimal retirement age, employment rate in the 55-64 year age group was relatively high in Latvia in 2004 - 47.9% (EU-15 average - 41.7%) and even has increased in comparison with 2000 by 11.9 percentage points. Taking into account the active priority of aging policy on EU scale, the planned increase of retirement age to 62 for men and women, as well as the active employment measure spectrum, the further improvement of indicators could be anticipated. There is still a lot of serious work necessary to achieve, by 2010, the employment rate goal of 50% that was set for the mentioned age group in Stockholm.

110. Judging from the significant proportion of informal economy in the GDP that accounts for around 16-18% and is one of the highest indicators in the EU, Latvia has a high level of undeclared employment reaching 25-30% in some sectors (construction, wholesale and retail, production of excise goods, forestry and preparation of timber products, commercial services, private services).

Unemployment

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20 Eurostat Quarterly Labour Force Data, 2004
111. Unemployment rate in Latvia in the 15-74 age group has decreased from 14.0% in 1999 to an average of 9.8% in 2004 (the EU-25 average indicator in 2004 – 9.0%). Unemployment rate indicator for men was by 1.2 percentage points higher and for women by 0.1 percentages point higher that the average in the EU-25 in 2004. According to CSB data the level of registered unemployment in Latvia was 8.5% at the end of 2004, which is by 1.9% percentage points lower than the evaluation in accordance with the International Labor Organization’s (ILO) methodology.

112. The worst situation is still in Latgale where the average unemployment rate exceeds 20% in some districts. There are differences in the level of people searching employment between cities and rural areas, which was 11.3% and 8.4% respectively in 2004.

### Table 5: Regional Unemployment Rates in Latvia

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average unemployment rate 2004 %</strong></td>
<td>9,8</td>
<td>5,4</td>
<td>4,5</td>
<td>9,0</td>
<td>10,6</td>
<td>11,6</td>
<td>12,8</td>
</tr>
<tr>
<td><strong>Female unemployment rate 2004 %</strong></td>
<td>10,3</td>
<td>10,0</td>
<td>-</td>
<td>8,0</td>
<td>11,2</td>
<td>11,0</td>
<td>12,1</td>
</tr>
<tr>
<td><strong>Male unemployment rate 2004</strong></td>
<td>9,2</td>
<td>9,5</td>
<td>-</td>
<td>9,9</td>
<td>10,2</td>
<td>12,1</td>
<td>13,3</td>
</tr>
</tbody>
</table>

Source: CSB, Labour Force Survey

![Figure 9: Regional Unemployment Rate Fluctuations 2000-2004](image)

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22 EUROSTAT.
23 The difference is due to several reasons: slightly different criteria to be considered unemployed by the ILO definition, all individuals are not entitled to an unemployment benefit, etc.
Analysing unemployment rate over a five year period, the highest unemployment indicator among regions can be seen in Latgale region and the lowest in Rīga region. The high unemployment rate is caused by insufficient development of entrepreneurship, small number of self-employed persons and underdeveloped infrastructure, as well as limited mobility of workforce.

The proportion of long-term unemployed in the group of working age residents in Latvia in 2004 was 4.3% (7.9% in 2000), exceeding the average EU level by 0.2 percentage points. The results of Latvian labour market survey show regional differences as the proportion of the long-term unemployed varies from 3.3% in Vidzeme to 8.1% in Latgale. The proportion of the long-term unemployed among economically active residents is the highest in the 45-54 age group.

**Table 6: Proportion of Long-term Unemployed**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>15 – 24</th>
<th>25 – 34</th>
<th>35 – 44</th>
<th>45 – 54</th>
<th>55 – 74</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of Long-term Unemployed Persons to Total Population at Economically Active Age, %</td>
<td>5.1</td>
<td>4.6</td>
<td>4.4</td>
<td>6.0</td>
<td>4.6</td>
</tr>
</tbody>
</table>

**Source: Eurostat data**

In comparison with other EU member states Latvia has a comparatively high unemployment rate among residents with low level of education and skills. The cause for this is the lack of vocational qualification, as well as the inadequate knowledge and skills for the development of contemporary knowledge-based society: information technologies, communication skills, and basic knowledge of entrepreneurship, foreign languages and state language. In 2004 39.9% of the registered number of unemployed had secondary and basic vocational education, 25.5% had comprehensive secondary education and 20.9% had primary education. Whereas the unemployment rate among residents with tertiary education in 2003 was 6.3%, which was only by 1.4 percentage points higher than the average EU indicator. In 2004 unemployment rate among young people (15-24) was 19.0% and it has decreased in comparison with the 23.6% in 1999, and exceeds the average EU indicator only by 0.8 percentage points. In 2004 unemployment rate among pre-retirement persons (55-64) was 8.3% (9.1% among women and 7.5% among men) from all unemployed, which is a little more than in 2003.

In 2004 the number of economically passive residents was 678,000 out of which 42.8% were senior citizens, 29.8% were pupils and students, 8.5% were housekeepers, 8.1% were long-term patients or disabled, 5.1% or 34.4 thousands had lost hope of finding employment, but in comparison with 2003 the number of such

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26 EUROSTAT.
27 Central Statistics Bureau.
30 EUROSTAT.
people has decreased by 6.2 thousands. Taking into account the unfavourable demographic trends and the effect of migration additional attention should be paid to activate economically passive human resources.

117. Close and coordinated cooperation among different competent institutions, which is evaluated as insufficient, is required since the decision to take part in the labour market is influenced by several factors like family status, health, socioeconomic situation, activities of entrepreneurship, accessibility of infrastructure and cultural environment. The administrative capacity of institutions involved in the development and implementation of employment policy (MoW, MoE, MoES, SEA, PCCSA, SLI, LEC, FTUCL, ULRGL, and NGOs) is insufficient and partnerships on the local level are undeveloped for effective and integrated implementation of the employment policy. It is necessary to form new and adapt current measures in correspondence with the specific needs of such resident groups in threat of social exclusion as persons with no fixed abode, persons with mental development disorders, persons without motivation to study of work, persons with addiction problems, prisoners and persons released from prison.

118. In 2004 advising councils, that include social partners, representatives from state, local governments and NGOs, were created in 28 branch offices of the State Employment Agency (SEA). Their task is to analyse problems and develop proposals for reducing unemployment by developing Local Employment Development Plans every year. The development of local employment partnerships facilitates the improvement of the situation and facilitates cooperation by developing the national economy in regions.

119. In 2004 the active employment measures organized by SEA were used by 77,026 unemployed (out of which 9,606 were young unemployed). Special attention is devoted to the unemployed of resident groups at risk of social exclusion and the unemployed from regions with a higher level of unemployment. 41,843 of the unemployed registered in SEA were given or found employment in 2004. The analysis and improvement of services is taking place in a close and systematic cooperation with employers on both national and local level. SEA services are directed more at representatives of resident groups at risk of social exclusion, as well as at persons with low level of education.

120. In accordance with SEA data, in 2004 similarly to 2003 the greatest demand in the labour market was for qualified workers and craftsmen (17,837 work places or 28.8% of the total number of registered free work places), employees in the service and trade field (11,087 or 18.0%). 24.8% of the registered free work places in 2004 were for representatives of ordinary occupations.

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32 Professional training of unemployed persons, retraining and improving qualifications, competitiveness reinforcement, paid temporary socially useful work, internships and apprenticeships of young unemployed persons, subsidised jobs for older unemployed persons (over 55), subsidised jobs for unemployed persons with disabilities, measures aimed at increasing the mobility of unemployed persons with disabilities, sheltered jobs for less competitive persons, etc.).

33 Young people (15-24), pre-retirement age persons (55-64), jobseekers with low educational and skill level, women after a parental leave, ex-convicts.

121. In occupation breakdown the greatest demand was for retail shop clerks (4,545 work places), unskilled workers (4,390 work places), cleaners (1,782 work places), cooks (1,774 work places), cargo workers (1,420 work places), constructors (1,212 work places), sewers (1,176 work places) and construction workers (1,120 work places).

122. In 2004, in comparison with 2003, the greatest decrease in the number of registered unemployed was in the basic group of occupations - qualified workers and craftsmen (decreased by 280 unemployed). The greatest increase, however, was in the occupation basic group ordinary occupations (783 unemployed) and in the number of unemployed who do not have an occupation (1,405 unemployed).

**Breakdown of Employed in Sectors and Fields**

123. In 2004 out of the total number of employed in the age group 15-74 every sixth (16.1%) was employed in processing industry, every seventh (14.9%) in trade, every eighth (13%) in agriculture, hunting and forestry, every eleventh (9.4%) worked in the field of transport, storage and communications, every twelfth (8.5%) worked in construction, a bit less (8.1%) were employed in the education field, every fourteenth (7.2%) worked in state administration and defence, compulsory social insurance, every seventeenth (5.9%) in public, social and individual services, but 5.3% worked in the field of health and social care. However the proportion of women and men in these sectors is very diverse, which indicates horizontal segregation of occupations.

124. Women dominate in such fields as health and social care (87% of the total number of employed), educations (83%) and hotels and restaurants (69%). Men however dominate in such fields as agriculture, hunting and forestry (63%), construction (89%), transport, storage and communications (72%). Besides, resident inquiries show that society has a strong view on which occupations are suited for one or the other gender. Occupations of kindergarten teacher, housekeeper and secretary are considered appropriate for women, while the occupations of bus driver, in military and construction are mostly attributed to men.

125. At the same time it should be noted that vertical segregation is also observed - in almost all fields of national economy inequality in female and male pay can be recorded. In 2004 the average female pay in Latvia was by 16% lower than the average male pay. This pay difference is more evident in some fields, for example, in financial intermediation, wholesale and retail women receive by 22-43% less than men. The EU-25 average indicator in difference between female and male pay is 16%, fluctuating from 6% in Italy to up to 32% in Cyprus. Such pay difference is connected with the positions occupied by women and men, the higher positions with higher pay are mostly taken by men, while women work on the deputy and executor level. The employer environment is also dominated by men: in 2004 out of 34,500 employers 22,500 (or 65%) were men, 12,100 (or 35%) were women. By analysing the proportion of women and men in various occupation groups in Latvia it can be seen that two thirds of legislators, senior state officials and managers are men (63%),

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36 Central Statistics Bureau, Latvian Statistics Yearbook, 2004
while the majority of senior specialists, specialists, servants and service and trade employees are women (64-85% of the total number).  

Table 7: Number of Men and Women by Occupational Area and Comparison of Work Pay

<table>
<thead>
<tr>
<th></th>
<th>Average Annual Number of Employed Residents by Type of Employment in 2004</th>
<th>and Female Work Pay by Type of Employment, LVL in 2004</th>
<th>Female Pay in % from the Average Male Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Thousands of People</td>
<td>% of Total</td>
<td>Thousands of People</td>
</tr>
<tr>
<td>Total</td>
<td>1018</td>
<td>522</td>
<td>496</td>
</tr>
<tr>
<td>(A)</td>
<td>132</td>
<td>83</td>
<td>49</td>
</tr>
<tr>
<td>(B)</td>
<td>2</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>(C+D+E)</td>
<td>191</td>
<td>110</td>
<td>81</td>
</tr>
<tr>
<td>(F)</td>
<td>87</td>
<td>77</td>
<td>10</td>
</tr>
<tr>
<td>(G)</td>
<td>151</td>
<td>57</td>
<td>95</td>
</tr>
<tr>
<td>(H)</td>
<td>26</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>(I)</td>
<td>96</td>
<td>69</td>
<td>27</td>
</tr>
<tr>
<td>(J)</td>
<td>18</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>(K)</td>
<td>40</td>
<td>21</td>
<td>19</td>
</tr>
<tr>
<td>(L)</td>
<td>73</td>
<td>40</td>
<td>33</td>
</tr>
<tr>
<td>(M)</td>
<td>83</td>
<td>14</td>
<td>69</td>
</tr>
<tr>
<td>(N)</td>
<td>54</td>
<td>7</td>
<td>47</td>
</tr>
<tr>
<td>(O)</td>
<td>60</td>
<td>25</td>
<td>35</td>
</tr>
</tbody>
</table>

Source: Central Statistics Bureau. Latvian Statistics Yearbook, 2004

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41 A-Agriculture, hunting and forestry; B-Fishing; C-Mining; D-Manufacturing; E-Electricity, gas and water supply; F-Construction, G-Wholesale and retail trade; H-Hotels and restaurants; I-Transport, storage and communication; J-Financial intermediation; K-Real estate, renting and business activities, consulting; L-Public administration and defence; M-Education; N-Health care, O-Other community, social and personal service activities; P-Activities of households.
Figure 10: Proportion of Men and Women in Primary Employment by Sector

Source: CSB
Institutions responsible for implementation of labour market policies

126. SEA services average of 100,000 clients a month, and PCCSA services 4 thousand clients a month. Number of service recipients and clients tends to increase over the reporting period. Despite NIP, PHARE and EU structural funding invested in SEA and PCCSA infrastructure (IT system, data bases, renovation of premises and modernizing of facilities), current infrastructure and IT systems are still outdated, therefore services are not up-to-date and good quality, regional offices and centres have inefficient information exchange systems, and there is no single client registration system. Moreover, since 2004 SEA is obliged to provide registration data basis compatible with EU data base (EURES), and that requires stable funding and permanent upgrading of IT system.

127. Necessity to invest in IT, data bases and infrastructure of SEA, PCCSA and SLI is driven by the following strategic documents and substantial needs:

- According to SEA Medium Term Action and Development Strategy for 2004-2007, the main objective of the State Employment agency is to ensure access to labour market supply/demand information, information of services provided by SEA, timely exchange of data. And improve the quality, efficiency of services through better access and management, including updating of IT systems and data bases and equipment,

- According to PCCSA Medium Term Action and Development Strategy for 2004-2007, the main objective of the Professional Career Counselling State Agency is development of infrastructure, better service and management quality, including on-line access to professional career information and data bases, as well as modernising equipment,

- Strategic Plan of State Labour Inspectorate for 2002-2006 puts implementation of legal acts and regulations at the forefront of priorities. These measures should provide for higher efficiency in monitoring and control by way of creating data bases and information flow systems, and upgrading existing infrastructure.

Working Conditions

128. Although harmonisation of Latvian work and occupational safety regulations with EU requirements was finished by the end of 2002, and Latvia now offers the same safety for its workers as others, changes in occupational safety setup and legislation have not had an effect on working conditions of enterprises. There is still room for improvements in occupational safety system. The statistics on work-related accidents have remained stable for last years, with only an insignificant decrease.

129. According to 2004 data of State Labour Inspectorate, 196 employees suffered from work accidents. 57 of these were lethal cases and 233 resulted in serious injury. When compared to previous year, number of accidents in 2004 has decreased overall for 67 cases. On the other hand, death cases have increased by 16, and there were 13 heavy injuries more. Increase in number of serious and lethal accidents, in comparison with 2003, is mainly due to intensified economic activity, when companies hired new
employees without adequate and good professional qualification and experience. Moreover, these employees were not trained or properly instructed in occupational safety matters.

130. Breakdown of accidents by company size shows that majority of accidents – 508 or 39% – have taken place in medium-size companies with 50 to 249 employees. This may be explained by the fact that lion share of all companies in Latvia is medium sized, employers are under-evaluating the importance of safety at work, especially what concerns setup and upgrading of occupational safety systems.

Table 8. Occupational Diseases and Workplace Accidents

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Occupational diseases</strong></td>
<td>224</td>
<td>323</td>
<td>436</td>
<td>563</td>
<td>796</td>
</tr>
<tr>
<td><strong>Number of work accidents per100 000 employees</strong></td>
<td>146</td>
<td>140</td>
<td>150</td>
<td>145</td>
<td>136</td>
</tr>
<tr>
<td><strong>Number of death cases per100 000 employees</strong></td>
<td>49</td>
<td>68</td>
<td>56</td>
<td>39</td>
<td>57</td>
</tr>
<tr>
<td><strong>Number of companies inspected by SLI</strong></td>
<td>10 078</td>
<td>10120</td>
<td>10328</td>
<td>11001</td>
<td>9759</td>
</tr>
<tr>
<td><strong>Number of inspectors at SLI</strong></td>
<td>181</td>
<td>181</td>
<td>181</td>
<td>186</td>
<td>186</td>
</tr>
</tbody>
</table>

Source: Annual Review of the State Labour Inspectorate

131. Currently Latvia does not have its own National Institute of Labour Studies, which could offer advisory, scientific and technical assistance, for instance organize specific work environment related training to inspectors of the State Labour Inspectorate, needed by policy makers and occupational safety control bodies.

132. Public opinion poll conducted in 2005 to define the level of employee and employer awareness of State Labour Inspectorate (SLI) responsibilities, including legal relationship between employers and employees and occupational safety, has revealed need to raise public awareness of these matters. When asked what kind of occupational safety information is fragmented, more than half of employers mentioned EU requirements. 16-25% of respondents wished to have more information about other issues: legislation and regulations, occupational safety training, penalties or fees and experience of other counterparts. And 30% of employers and 7% of employees claimed that their primary source of information is State Labour Inspectorate. Public awareness campaigns, especially on legal matters like wage, work and laytime, collective agreements and other soar issues, would in the long run wind down illegal unemployment and employment right violations.

133. Occupational health and safety improvements may be achieved by way of:

- improving State Labour Inspectorate infrastructure and administrate capacity,
- strengthening the capacity of social partners through closer cooperation in educating and informing employees,
- establishing and supporting Latvian Institute of Labour Studies.

134. Lately work time tends to decrease in EU member states, and continues to rise in Latvia. In 2004 work time reached 42.8 hours per week (in 1999 – 40.3 hours), contributing to overload of employees and drop in work efficiency.

\[42\] EUROSTAT.

HR_operational_programme_consolidated3; Draft Operational Programme „Human Resources and Employment”
135. Main priorities and objectives of Latvian employment policy are:

- to develop inclusive labour market, expand employment promotion instruments to improve competitiveness of unemployed and social exclusion risk groups on the labour market, and tighten cooperation between State Labour Inspectorate and employers;
- to support integration of unemployed in labour market,
- to promote economic development in weakest regions, improvement of business environment, encouraging business activities and self-employment, and local employment initiatives;
- to develop labour market long and short term supply/demand forecasting system;
- to continue public awareness campaigns and labour market gender equality education;
- to promote harmonization of balance between work and family life;
- to intensify fight against illegal employment and encourage legal work, including strengthening of collaboration between state control bodies and social partners;
- to further education and training, making it available to unskilled labour in particular, developing life-long learning systems, at the same time upgrading the quality of education and developing career counselling activities;
- to strengthen the capacity of labour market control and monitoring institutions, promote partnerships and social dialogue required to offer quality services and improve work techniques.

136. The main employment and unemployment-related problems are:

- regional labour market disparities,
- educational level, skills and qualification of labour and employers’ needs mismatch,
- low internal mobility of labour force,
- relatively high illegal employment rate in some sectors of economy: construction, manufacturing, agriculture and transport,
- increased unemployment risk to young people, individuals after child care leave, individuals with weak Latvian knowledge and other social exclusion risk groups,
- forecasted shortage of manpower after 2010 when due to demographic downfall labour pool age structure will change and shift towards domination of older labour, and decrease in amount of young employees,
- share of long-term unemployed is above EU average,
- the share of unemployed in the group of uneducated and unskilled inhabitants in Latvia is comparatively high,
• there is evidence of gender discrimination on labour market – the gender pay gap and lack of information on gender discrimination complaint procedures,
• share of male and female employees varies from sector to sector, which means that there is strong professional segregation,
• insufficient child (or aged, disabled and other person) care options and social services keep legal guardians (usually women) away from employment,
• Latvia has comparatively high rate of occupational accidents, employers and employees are poorly informed about occupational safety issues,
• insufficient capacity and cooperation between employment policy makers, weak local partnerships for implementation of efficient and integrated employment policies,
• lack of qualified manpower in some sectors of economy, for example, construction, and labour migration to Western Europe,
• low desire for commerce among inhabitants and small proportion of self-employed.
2.3. **SOCIAL INCLUSION**

137. Social exclusion is the inability of individual or group of individuals to participate in the functioning of society, and when individuals or groups of individuals are denied access to products, services and/or means detrimental to personal development and meaningful participation in functioning of society.

138. Social inclusion is a process promoting elimination of poverty and social exclusion risks, and full-fledged inclusion of all individuals in functioning of society. Latvia’s social inclusion policy follows the lines of EU inclusion process. And EU inclusion efforts are directed at significantly decreasing poverty in Europe by 2010.

139. Open coordination method is used to coordinate social inclusion process in EU and enhances understanding about poverty and social exclusion issues and aspects, as well as encourage all stakeholders and experience exchange.

140. Most social exclusion risk or several risks at once in Latvia is characteristic to the following society groups:

- large and one-parent families,
- disabled (with functional disorders like vision, hearing, and mental impairments) and disability risk groups,
- unemployed, especially long-term unemployed,
- young people not working or studying,
- old-age people (55+),
- parents, especially women, returning from child care leave, and parents of disabled child, or caretakers,
- convicts and former convicts,
- homeless,
- victims of abuse or human trafficking,
- addicts,
- ethnic minorities.

141. These groups are in need of support in terms of education, employment, health care and other areas. Moreover, the problems, causes and solutions within one group are also manifold.

**Promotion of employment and inclusive labour market**

142. Taking a look at the inhabitants who are most affected by unemployment, which is one of the risks of social exclusion, four target groups stand out – long-term unemployed, youth unemployed, pre-retirement unemployed and women after child-care leave.

143. In 2004, 4.3% of economically active population was long-term unemployed (12 months or more). The proportion of long-term unemployed in age group 55-64 is the largest among other age groups. In 2004, relatively high rate of unemployment was observed among youth aged 15-24 - 19%.

144. At the end of 2004, proportionally largest number of long-term unemployed registered by the Employment State Agency was in age group 50-54 – 4460 or 19.2% of total number of unemployed. As from figure 11, it can be shown that the
majority of unemployed are aged between 40 and 59. It indicates that for people of this age it is more difficult to find a permanent job.  

![Figure 11: Long-term Unemployed](image)

**Figure 11: Long-term Unemployed**

* (in percent) by Age Group, 31 December 2004

*Source: Ministry of Welfare*

145. The main cause of unemployment for both young and pre-retirement persons is insufficient or irrelevant education, which does not meet market requirements, as well as lack of professional skills. Both these groups, unlike other inhabitants, are more subject to risk of becoming long-term unemployed.

146. Apart from the above groups, there are three more population groups – people with a disability, people released from prison or jail, and women after child-care leave – which employers due to different reasons are less motivated to recruit. Wherewith these groups bear higher risk of unemployment and have diminished opportunities of getting an appropriate income from work.

147. Entry to labour market for people with a disability is prevented both by deficiency of motivation of employers and unadapted environment for functional needs of the disabled (including working environment), as well as their comparatively low level of education and skills.

148. In 2005, 2631 prisoners had been released from prisons and jails (in 2004 – 2645). Inclusion of past prisoners into labour market is prevented by their low educational level, skills, which are inappropriate to labour market requirements, and deficiency of employers' motivation to hire them. Not every prison provides an opportunity to gain education, as well as an appropriate resource and technical base. This fact creates serious obstacles for people to integrate into labour market after being released from prison. Research data suggest that past prisoners use more informal ways to form their lives in freedom than representatives of other groups, they are less motivated to obtain information about opportunities provided by the state and government, and are more passive than representatives of other groups in using active employment measures. On 30 December, 2005, there were 6970 people in prisons (including 395 women), 192 out of those women were juvenile. In school year 2004-2005, all-round

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44 *LLU FSI research of 2003 “Probability of Social Exclusion and its Causes to Groups of Population at Risk of Unemployment.”.*
education could be obtained in nine prisons, however in six prisons there were no all-round education activities at all. Although 23% of the convicted in 2005 had no completed primary education and 31% of the convicted had no secondary education, only 127 prisoners or 6% out of total number of prisoners in May 2005 acquired all-round education. An opportunity to obtain secondary education is available in four prisons. In school year 2004-2005, prisoners were able to obtain vocational education accredited by vocational education programmes only in six prisons. In May 2005, 220 convicted and 27 arrested were involved in obtaining nine different trades.

Return to labour market for women after child-care leave is burdened by obsoleteness of qualifications and skills after child-care leave. Employers consider that children upbringing may decrease efficiency of labour, and at the same time are not motivated neither to use and/or introduce retraining programmes for employees who return after child-care leave nor to allow female employees to work part-time and perform work at home (using ICT etc.). Research data, in its turn, show that women after child-care leave are considerably more active than other population groups, using measures of active employment and recruitment of the Employment State Agency. Another factor, which contributes to the risk of unemployment for women after child-care leave, is insufficient provision of public transport to rural areas. Apart from considerably decreasing commuting time, it also decreases opportunity to use services of institutions for preschool children. Insufficiently developed network of services of preschool children and other care-providing institutions is mentioned as one of the obstacles for women return to labour market.

2 LLU FSI research of 2003 “Probability of social exclusion and its causes to population groups more likely subject to risk of unemployment.”

According to population census data, in 2002, 8205 Latvian Roma resided in Latvia, which is 0.3% (0.4% in 2002) of total population of Latvia. In school year 2004-2005, 1464 Latvian Roman children studied in comprehensive schools of the Republic of Latvia, in 2003-2004 – 1591 children, which shows that the number of children attending comprehensive schools is likely to reduce. A proportion of Latvian Roman children who do not obtain a secondary education is quite large. There is a base to consider that representatives of this ethnic group have lower educational level – 40% of Latvian Roma has mere 4-grade or lower education and many of them are non-literate. Therefore they have limited access to labour market. Less than 5% of able-bodied Latvian Roma have entered official labour relations, 10% of able-bodied Latvian Roma are registered as officially unemployed. Latvian Roma have lower income and worse health condition than on average in country. Unlike other representatives of ethnic minorities, low competitiveness of Latvian Roma in labour market is not related to insufficient state language knowledge.

Main problems:

- young and pre-retirement age people, unlike other inhabitants, are more likely to become long-term unemployed
due to their poor skills and education inappropriate to labour market demands,
• past prisoners are not motivated to obtain information about opportunities provided by the state and government, and are more passive than representatives of other groups in using active employment measures,
• return to labour market for women after child-care leave is burdened by obsolescence of qualifications and skills after child-care leave, as well as employers' opinions about decrease of efficiency of labour and negative attitude towards retraining programmes and introducing flexible types of work.
• Insufficiently developed infrastructure of care services for preschool children and those in need of care.

Accessibility of Social Services

152. Social services are efficiently provided by professionals, i.e. social workers. Number of qualified social workers in (municipal) social services or councils/boards continues to grow, when compared to previous years. 291 social worker out of 1212 working in municipalities in 2003 had first or second level curriculum, whereas for January 1, 2005 out of 1254 social workers 397 had matching education. 32% of social workers are continuing studies giving required qualification. Requirement to have 1 professional social worker per 1 000 capita from January 1, 2008, as Law on Social Services and Assistance stipulates, has been implemented to 54%. 130 of Latvian municipalities have social workers (council committees, chairmen of rural municipality courts, chairmen of city councils and their secretaries).

153. Number of inhabitants per social worker varies between 911 in Dobele District and 2 281 in Valmiera District. General statistics show that larger workload for social workers may be observed in cities rather than rural regions, for example, Rēzekne has 1:4 653, Daugavpils 1:4 440, Jūrmala 1:3 466, Jelgava 1:2 754, Riga 1:2 484. Cross-regional analysis of workloads puts Riga Region in first place with 2.5 thousand inhabitants, it is followed by Latgale Region with 2 038 inhabitants per one social worker. These regions are densely populated.

154. Despite heavy support to education of social workers, number of qualified social workers to service risk groups facing social exclusion is still not sufficient in municipalities and other social service providers.

155. In 2004 the CoM adopted Professional Social Service Development Program for 2005 – 2011 to provide social services and service providers with qualified specialists competent to battle social exclusion and poverty in social groups at risk. The objective of the Programme is to promote national development of social services that ensures population access to tailored and satisfactory services.

156. Social rehabilitation is aimed at restoring or improving ability to perform social functions, thus re-establishing social status and forwarding social inclusion. Number of national rehabilitation programmes for risk groups subject to social exclusion in 2003 and 2004 remained almost unchanged. In 2004 seven various programmes were implemented in social rehabilitation institutions, for disabled with visual impairments, hearing impairments, abused children, children addicted to psychoactive substances,
disabled in line to prosthetics or orthosis, customizing of hearing aids. Number of persons undergoing various social rehabilitation programmes has decreased by a third (from 15 522 in 2003 to 9 910 in 2004) due to cuts in budget allocations per social rehabilitation service receiver in 2004. Accessibility of social rehabilitation, especially to heavily disabled, cannot ensure decrease of social exclusion.

157. Day care centres provide care, skill development, education and leisure activities to aged people, and mentally-disabled, physically-disabled and other groups; however, coverage varies from region to region. In 2004 in all regions 80 day care centres operated to service 16 577 clients. Promotion of alternative treatment includes state funding for 4 years after start-up of day care centre for mentally disabled.

158. Number of day care centres for mentally-disabled is insufficient, with 13 centres in all country, and there are no care centres for mentally ill who also need social services like leisure activities, development of social skills and other services. Need for more care centres is especially sore in Vidzeme and Kurzeme regions, where population density in rural areas is low and municipality funding, along with human resource capacity, is scarce.

159. Improvement of social protection system for disabled and prevention of disability risk of persons under threat of disability became basis for drafting and adoption of CoM long-term policy planning document Policy Guidelines for Reduction of Disability and its Consequences in 2005-2015. The key measures under guidelines are to develop integrated disability prevention measures, improve disability evaluation systems and social insurance of disabled and promote employment of persons with disabilities. New social support activities are planned to form integral part in rehabilitation, employment, social services to prevent persons with risk of disability from acquiring one and mitigate social exclusion risk of persons with severe functional disorders.

160. Disability evaluation system of Latvia is based on medical diagnosis, not allowing to assess the individual needs of persons having risk of developing (or disabled by) functional disorders. Therefore, rehabilitation and other social services that could reduce the risk of disability or its severity is often unnecessarily delayed. Development and implementation of a new system is hampered by lack of funding, technical and scientific capacity, assessment of working abilities and functional disorders, ICF classification has not been tested and/or adjusted to Latvia’s needs, no methodology for assessment working abilities and functional disorders, methodology for assessing additional services required by disabled and unsatisfactory accessibility of services.

161. 40 000 persons among able-bodied population are (repeatedly) diagnosed with disability each year, 4% were advised by Central Occupational Medicine Expertise Commission to undergo retraining. Around 1 300 persons aged 16-55 are entitled to these services every year. State budget allocations are enough to rehabilitate 250 persons under 12 different programs, but demand calls for servicing 1 300 disabled a year. Access to professional rehabilitation services is not sufficient throughout the country, including underdeveloped infrastructure, low number of professional rehabilitation programmes and number of serviced clients.

162. Professional rehabilitation programs are directed at developing or reinstating professional knowledge and skills, or support retraining of disabled, depending on the type of functional disorder, severity and former education and profession.
Professional rehabilitation allows disabled to re-enter the labour market and become independent tax-payers rather than clients.

163. Number of social rehabilitation programs of former convicts increased in 2004. 114 former convicts took part in State Probation Service (further SPS) financed rehabilitation program. Ten regional offices of SPS were established in 2004. Key objective of these is to support re-development of social skills among former convicts and promote creation of new rehabilitation centres. SPS contracted 4 service providers in 2004, three centers for adult and one for youth rehabilitation. All these centres helped former convicts without residence registration, professional skills and knowledge to solve social problems like housing, offered professional training and employment.

164. Homelessness has become acute problem recently, in 2004 in Riga City 1 716 persons sought night or day shelter, compared against 1 491 in 2003. Out of all shelter seekers 1 342 were men, 246 women and 56 children. The social workers of Riga shelter had provided 11 606 consultations to their clients in 200447.

165. Available research results48 and ethnic minority employment statistics suggest that labour market does not suffer from ethnic discrimination. That, however, does not exclude ethnic disparities in various sectors and institutions. Research results and statistics give a clear indication of equal social exclusion and poverty rate among Latvian and non-Latvian communities, except for small-numbered gipsy communities.

166. 2004 was the first year of National Human Trafficking Prevention Program for 2004-2008 implementation. Number of publicity campaigns conducted in 2004 raised public awareness about human trafficking. Legal basis for provision of social rehabilitation services to human trafficking victims was put in place in 2005 and 60 specialists were trained. State funded social rehabilitation of human trafficking victims is expected to commence in 2006, offering assistance to 14 individuals.

167. Poverty and social exclusion combating measures are planned thoroughly and implemented to the extent possible, however, objective assessment of present conditions and achieved results and further polishing of policy depends on researches about progress of National Action Plan for Reduction of Poverty and Social Exclusion, efficiency of implemented measures and upgrading of activities.

168. Key problems:

- Social care and rehabilitation services and infrastructure are not available at required level, range, quality and location,
- Lack of properly educated and trained social workers at social services and service providers,
- Insufficient professional rehabilitation services and infrastructure for disabled,
- Inability of former convicts to re-integrate in labour market and society in general,
• Individual needs of patients with sicknesses that can cause functional disorders and disability are not assessed, according technical and infrastructure support is scarce. This delays supply of rehabilitation services to decrease disability burden,

• Lack of comprehensive studies regarding progress of National Plan for Reduction of Poverty and Social Exclusion, efficiency of implemented measures and upgrading of activities.
Accessibility of Health Care Services
to Social Exclusion Risk Groups of Population

169. Convenient and timely health care service accessibility is a prerequisite for reduction of social exclusion risk among all groups of society. Timely and quality health care and rehabilitation of disability risk groups is especially deep need.

170. Number of health improvement measures are implemented, paying special attention to social exclusion and disability risk groups. These measures are designed to enhance quality of services in public health, environmental health and physical health, as well as food and nutrition. Social exclusion risk groups need primarily general health and physical health services. Contagious diseases are controlled through epidemiological monitoring system set up pursuant to Epidemiologic Safety Law of 1997, tighter measures to localize spreading of contagious diseases, especially HIV/AIDS epidemic.

171. Ministry of Health overview of HIV/AIDS combating measures in 2003 and 2004, submitted to Cabinet of Ministers, gives facts about contagious diseases and information about implementation of set activities. Despite reduction in number of HIV-diagnosed patients in comparison with previous year, from 403 cases in 2003 to 323 cases in 2004, situation remains critical. HIV/AIDS-sensitive groups include persons likely to get infected during sexual intercourse, majority of young people, and young girls in particular, and convicts.

Table 9. Convicts Suffering from Infectious Diseases

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuberculosis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– within year</td>
<td>562</td>
<td>518</td>
<td>491</td>
<td>344</td>
<td>278</td>
<td>249</td>
</tr>
<tr>
<td>– as for December 31</td>
<td>301</td>
<td>265</td>
<td>222</td>
<td>168</td>
<td>135</td>
<td>112</td>
</tr>
<tr>
<td>HIV infected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– within year</td>
<td>290</td>
<td>544</td>
<td>766</td>
<td>803</td>
<td>700</td>
<td>585</td>
</tr>
<tr>
<td>– as for December 31</td>
<td>197</td>
<td>385</td>
<td>522</td>
<td>468</td>
<td>454</td>
<td>410</td>
</tr>
<tr>
<td>– % of all convicts</td>
<td>2.15 %</td>
<td>4.32 %</td>
<td>6.15 %</td>
<td>5.7 %</td>
<td>5.9%</td>
<td>5.6%</td>
</tr>
<tr>
<td>AIDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– within year</td>
<td>2</td>
<td>10</td>
<td>23</td>
<td>59</td>
<td>51</td>
<td>72</td>
</tr>
<tr>
<td>– as for December 31</td>
<td>2</td>
<td>5</td>
<td>19</td>
<td>32</td>
<td>30</td>
<td>45</td>
</tr>
<tr>
<td>AIDS + TB for December 31</td>
<td>0</td>
<td>5</td>
<td>16</td>
<td>24</td>
<td>11</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Ministry of Health
172. HIV/AIDS-diagnosed patient, their family and relative servicing social assistance and support systems are underdeveloped. HIV/AIDS patients are discriminated by society, and are reluctant to undergo treatment. These risk groups, in most cases, have low level of income, not enough to buy all necessary medicine, and delayed treatment fails to prevent deterioration of health, working abilities and loss of employment possibilities. These, in turn, are other obstacles on the way to improved financial status.

173. Key problems:

- Lack of state-guaranteed health care service minimum to social exclusion risk groups (families with children, aged people, disabled, convicts and former prisoners, HIV patients),
- Medical and social rehabilitation procedures in hospitals and outpatient institutions are weak,
- There is no residence-based rehabilitation service system,
- Treatment process and rehabilitation control schemes are inefficient,
- Social assistance and support systems to HIV/AIDS patients and their families and relatives are underdeveloped.
2.4. Labour Quality. Health Care

174. Demographic situation in Latvia (see Chapter Demographics) has population and labour ageing trend. Health care quality and accessibility has direct impact on productivity and competitiveness of labour – clearly there is a need for measures to retain labour on market for longer time and reduce occupational disease caused retirement. Implementation of these measures requires heavy investments in health care, for instance, in renewal of infrastructure, health education and treatment. Health care quality and accessibility has direct impact on productivity and competitiveness of labour. Health of individuals is exposed to biological, social, economic, environmental conditions and depends on lifestyle and habits. All of them are elements of public health, as part of sustainable society development. Awareness-raising campaigns and development of preventive measures, promotion of healthy lifestyle and work as single value.

Health Condition of Latvia’s Population

175. In comparison with health condition of other Europeans, health of Latvians remains poor. In 2003 Latvia was ranked first, and since 2000 Latvia has been at the front in terms mortality rate in age group up to 64 (501.5 deceased per 100 000 capita, EU average being 228.2)\(^49\).

176. Latvia has the highest cardiovascular disease caused mortality rate in Europe (773.8 cases per 100 000 capita, EU average at 390). In 2004 number of malignant tumour-related death cases went up and reached 251.3 per 100 000 inhabitants. This rate is lower in Europe.\(^50\)

177. The worst situation in Latvia is with tuberculosis, HIV and AIDS infection. Despite decrease of tuberculosis cases over several past years, rate remains high when compared to average EU rates. In 2000 tuberculosis was diagnosed in 83 cases per 100 000 capita, in 2003 – 72 cases per 100 000 capita, whereby EU average in 2003 amounted to 12.9 cases per 100 000 capita.\(^51\)

178. Amount of patients suffering from mental and behavioural disorders has grown for 3.4% since 2000. Suicide rate in Latvia had downward trend over the past decade, however, that has not allowed Latvia leave list of top 5 European countries in terms of suicides. Suicide is the 5\(^{th}\) most widespread cause of death in Latvia. Common stereotype of gender roles can be blamed for high suicide rate among men. Sociologic surveys indicate that society stereotypes man as family supplier and person not expected to break out in public display of one’s emotions, and not needing help or mental support. Therefore, worsening social and economic conditions and shift of supplier function away from men or escalation of mental problems force men to choose suicide as solution instead of consulting specialists.

\(^{49}\) Atlas of Health in Europe.
\(^{50}\) Statistical Yearbook of Health Care, 2004.
\(^{51}\) WHO, European Health for All Database, 2005.
Table 10. Main Disease Indicators

<table>
<thead>
<tr>
<th>Disease</th>
<th>Units</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>All types of tuberculosis</td>
<td>per 100 000 capita</td>
<td>72.9</td>
<td>65.9</td>
<td>63.3</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>1729</td>
<td>1540</td>
<td>1481</td>
<td>1373</td>
</tr>
<tr>
<td>HIV</td>
<td>per 100 000 capita</td>
<td>34.1</td>
<td>23.1</td>
<td>17.3</td>
<td>14.8</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>806</td>
<td>542</td>
<td>403</td>
<td>343</td>
</tr>
<tr>
<td>AIDS</td>
<td>per 100 000 capita</td>
<td>1.8</td>
<td>2.4</td>
<td>2.5</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>42</td>
<td>55</td>
<td>58</td>
<td>70</td>
</tr>
<tr>
<td>Alcohol abuse</td>
<td>per 100 000 capita</td>
<td>1036.1</td>
<td>1077.7</td>
<td>1127.4</td>
<td>1187.6</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>24400</td>
<td>25281</td>
<td>26285</td>
<td>27542</td>
</tr>
<tr>
<td>Patients with alcohol psychosis</td>
<td>per 100 000 capita</td>
<td>79.7</td>
<td>78.1</td>
<td>73.4</td>
<td>81.7</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>1878</td>
<td>1831</td>
<td>1711</td>
<td>1895</td>
</tr>
<tr>
<td>Drug and psychotropic substance abusers</td>
<td>per 100 000 capita</td>
<td>114.6</td>
<td>113.4</td>
<td>115.0</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>total</td>
<td>2711</td>
<td>2659</td>
<td>2680</td>
<td>2784</td>
</tr>
</tbody>
</table>

Source: Health Statistics and Medical Technologies State Agency, State Drug Agency

179. Data available at Health Statistics and Medical Technologies State Agency provides overview of death causes in largest cities of Latvia and from regional cut in 2004.

Table 11. Causes of Death in Latvian Population 2004
(per 100 000 capita)

<table>
<thead>
<tr>
<th>City, region</th>
<th>All causes</th>
<th>Contagious and parasitic diseases</th>
<th>Tumours</th>
<th>Various symptoms and undifferentifiable condition</th>
<th>Vascular diseases</th>
<th>Respiratory diseases</th>
<th>Digestive disorders</th>
<th>Urgent injuries</th>
<th>Inborn anomalies</th>
<th>Bruises, poisoning, external exposure and impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>LATVIA</td>
<td>1385.4</td>
<td>12.6</td>
<td>251.3</td>
<td>74.6</td>
<td>773.8</td>
<td>34.6</td>
<td>44.9</td>
<td>13.9</td>
<td>3.8</td>
<td>137.5</td>
</tr>
<tr>
<td>RIGA</td>
<td>1340.0</td>
<td>15.0</td>
<td>269.0</td>
<td>31.5</td>
<td>752.0</td>
<td>36.5</td>
<td>50.4</td>
<td>14.3</td>
<td>2.9</td>
<td>132.5</td>
</tr>
<tr>
<td>DAUGAVPILS</td>
<td>1292.4</td>
<td>19.0</td>
<td>233.7</td>
<td>72.2</td>
<td>715.7</td>
<td>33.4</td>
<td>54.1</td>
<td>9.9</td>
<td>0.0</td>
<td>115.5</td>
</tr>
<tr>
<td>JELGAVA</td>
<td>1252.4</td>
<td>7.6</td>
<td>219.3</td>
<td>99.8</td>
<td>661.0</td>
<td>30.3</td>
<td>62.0</td>
<td>12.1</td>
<td>4.5</td>
<td>119.3</td>
</tr>
<tr>
<td>JURMALA</td>
<td>1456.9</td>
<td>9.0</td>
<td>288.1</td>
<td>88.2</td>
<td>824.8</td>
<td>30.6</td>
<td>30.6</td>
<td>21.6</td>
<td>5.4</td>
<td>113.5</td>
</tr>
<tr>
<td>LIEPAJA</td>
<td>1346.5</td>
<td>11.6</td>
<td>261.7</td>
<td>13.9</td>
<td>780.4</td>
<td>35.9</td>
<td>46.3</td>
<td>24.3</td>
<td>1.2</td>
<td>129.7</td>
</tr>
<tr>
<td>RZEZKNE</td>
<td>1526.6</td>
<td>8.1</td>
<td>240.5</td>
<td>37.8</td>
<td>937.6</td>
<td>24.3</td>
<td>51.3</td>
<td>5.4</td>
<td>0.0</td>
<td>175.6</td>
</tr>
<tr>
<td>VENTSPILS</td>
<td>1223.0</td>
<td>15.9</td>
<td>197.4</td>
<td>120.3</td>
<td>648.9</td>
<td>45.4</td>
<td>31.8</td>
<td>4.5</td>
<td>11.3</td>
<td>90.8</td>
</tr>
<tr>
<td>AIZKRAUKLE</td>
<td>1405.0</td>
<td>17.0</td>
<td>198.6</td>
<td>121.1</td>
<td>765.5</td>
<td>31.5</td>
<td>24.2</td>
<td>12.1</td>
<td>2.4</td>
<td>184.1</td>
</tr>
<tr>
<td>ALUKSNE</td>
<td>1472.3</td>
<td>0.0</td>
<td>233.5</td>
<td>102.9</td>
<td>858.8</td>
<td>43.5</td>
<td>35.6</td>
<td>19.8</td>
<td>4.0</td>
<td>126.6</td>
</tr>
<tr>
<td>BALVI</td>
<td>1909.8</td>
<td>14.0</td>
<td>280.3</td>
<td>239.3</td>
<td>932.1</td>
<td>39.6</td>
<td>73.6</td>
<td>14.0</td>
<td>0.0</td>
<td>178.7</td>
</tr>
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<td>BAUSKA</td>
<td>1240.7</td>
<td>17.3</td>
<td>227.3</td>
<td>17.3</td>
<td>772.6</td>
<td>15.4</td>
<td>38.5</td>
<td>13.5</td>
<td>3.9</td>
<td>113.7</td>
</tr>
<tr>
<td>CESIS</td>
<td>1310.1</td>
<td>5.2</td>
<td>227.5</td>
<td>46.5</td>
<td>768.8</td>
<td>32.8</td>
<td>43.1</td>
<td>19.0</td>
<td>1.7</td>
<td>125.8</td>
</tr>
<tr>
<td>DAUGAVPILS</td>
<td>1714.1</td>
<td>22.0</td>
<td>264.5</td>
<td>122.4</td>
<td>1026.0</td>
<td>49.0</td>
<td>22.0</td>
<td>4.9</td>
<td>7.3</td>
<td>159.2</td>
</tr>
<tr>
<td>DOBELE</td>
<td>1353.1</td>
<td>7.7</td>
<td>236.2</td>
<td>218.2</td>
<td>639.3</td>
<td>53.9</td>
<td>56.5</td>
<td>15.4</td>
<td>5.1</td>
<td>74.5</td>
</tr>
<tr>
<td>GULBENE</td>
<td>1493.5</td>
<td>7.4</td>
<td>220.7</td>
<td>47.8</td>
<td>963.8</td>
<td>36.8</td>
<td>47.8</td>
<td>14.7</td>
<td>3.7</td>
<td>110.4</td>
</tr>
<tr>
<td>JELGAVA</td>
<td>1359.2</td>
<td>8.1</td>
<td>175.3</td>
<td>169.9</td>
<td>760.5</td>
<td>24.3</td>
<td>27.0</td>
<td>8.1</td>
<td>5.4</td>
<td>132.1</td>
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<tr>
<td>JEBABIPS</td>
<td>1492.3</td>
<td>14.9</td>
<td>297.7</td>
<td>134.0</td>
<td>725.7</td>
<td>33.5</td>
<td>55.8</td>
<td>14.9</td>
<td>7.4</td>
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</tr>
<tr>
<td>KRIASLAVA</td>
<td>1909.1</td>
<td>8.6</td>
<td>329.7</td>
<td>212.1</td>
<td>974.6</td>
<td>48.7</td>
<td>57.3</td>
<td>22.9</td>
<td>2.9</td>
<td>220.7</td>
</tr>
<tr>
<td>KULDIGA</td>
<td>1348.8</td>
<td>13.6</td>
<td>230.7</td>
<td>165.6</td>
<td>754.5</td>
<td>35.3</td>
<td>32.6</td>
<td>10.9</td>
<td>8.1</td>
<td>62.4</td>
</tr>
<tr>
<td>LIEPAJA</td>
<td>1493.1</td>
<td>13.3</td>
<td>215.5</td>
<td>95.5</td>
<td>915.4</td>
<td>28.9</td>
<td>35.5</td>
<td>6.7</td>
<td>4.4</td>
<td>140.0</td>
</tr>
</tbody>
</table>
180. Number of occupational diseases has been rapidly growing over the past years. 796 patients received first-time occupational disease diagnosis, 41% more than in previous year. Moreover, one patient is often diagnosed several occupational diseases, therefore the number of registered cases exceeds number of patients in this group. Rapid increase of occupational diseases is related to unhealthy workplaces that still dominated a couple of years ago and bad working conditions.

181. Sickness benefits covered from special social insurance budget tend to go up, here are the statistics:

- 2002 – 138 844 (1008 th. insured, LVL 0.137 on average per insured),
- 2003 – 160 842 (1049 th. insured, LVL 0.153 per insured),
- 2004 – 193 112 (1 088.7 th. insured, LVL 0.177 per insured).

182. No doubt, rising wages have contributed to growth of social insurance budget and there are increasing funds that may be assigned to sickness benefits. At the same time total sum of sickness benefits increases due to lack of efficient treatment and rehabilitation control methods to eliminate unnecessary long-term illness and disability risk.

183. Statistics of lifestyle and behavioural patterns with impact on health in Latvia continue to be worst in Europe (47% of men and 18 % of women are smokers, compared to EU average of 30 %). Indicators have improved over the past years, number of smokers is going down and eating patterns are changing. Study of behavioural patterns among schoolchildren pint out weak stature and inappropriate physical condition, and unhealthy eating habits. Implementation of Health Promotion Program helps to raise public awareness about health-affecting factors and health as a value. Health Promotion Program seeks to improve decision-making and cooperation.

**Source:** Health Statistics and Medical Technologies State Agency

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<table>
<thead>
<tr>
<th>City, region</th>
<th>All causes</th>
<th>Contagious and parasitic diseases</th>
<th>Tumours</th>
<th>Various symptoms and unidentifiable condition</th>
<th>Vascular diseases</th>
<th>Respiratory diseases</th>
<th>Digestive disorders</th>
<th>Urogenital diseases</th>
<th>Inborn abnormalities</th>
<th>Bruises, poisoning, external exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIMBAŽI</td>
<td>1312.3</td>
<td>0.0</td>
<td>279.9</td>
<td>89.9</td>
<td>670.3</td>
<td>33.4</td>
<td>33.4</td>
<td>12.8</td>
<td>2.6</td>
<td>136.1</td>
</tr>
<tr>
<td>LUDZA</td>
<td>2215.4</td>
<td>9.1</td>
<td>242.8</td>
<td>60.7</td>
<td>1423.3</td>
<td>57.7</td>
<td>54.6</td>
<td>15.2</td>
<td>6.1</td>
<td>294.4</td>
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<tr>
<td>MADONA</td>
<td>1470.8</td>
<td>4.5</td>
<td>267.6</td>
<td>24.7</td>
<td>928.8</td>
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<td>33.7</td>
<td>9.0</td>
<td>4.5</td>
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<tr>
<td>OGRE</td>
<td>1160.9</td>
<td>7.9</td>
<td>207.2</td>
<td>88.6</td>
<td>613.6</td>
<td>19.0</td>
<td>34.8</td>
<td>9.5</td>
<td>3.2</td>
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<td>PREILI</td>
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<td>12.6</td>
<td>301.7</td>
<td>103.1</td>
<td>942.9</td>
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<td>52.8</td>
<td>27.7</td>
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<tr>
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<td>9.5</td>
<td>228.8</td>
<td>45.3</td>
<td>1168.0</td>
<td>54.8</td>
<td>59.6</td>
<td>11.9</td>
<td>4.8</td>
<td>286.1</td>
</tr>
<tr>
<td>RIGA</td>
<td>1116.3</td>
<td>21.1</td>
<td>227.5</td>
<td>54.7</td>
<td>564.4</td>
<td>30.3</td>
<td>38.2</td>
<td>7.9</td>
<td>5.9</td>
<td>133.8</td>
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<tr>
<td>SALDUS</td>
<td>1225.2</td>
<td>5.3</td>
<td>196.7</td>
<td>71.8</td>
<td>720.2</td>
<td>23.9</td>
<td>42.5</td>
<td>18.6</td>
<td>5.3</td>
<td>103.7</td>
</tr>
<tr>
<td>TALSI</td>
<td>1509.2</td>
<td>4.2</td>
<td>263.0</td>
<td>171.2</td>
<td>851.7</td>
<td>23.0</td>
<td>23.0</td>
<td>14.6</td>
<td>4.2</td>
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<td>TUKUMS</td>
<td>1410.1</td>
<td>10.8</td>
<td>263.9</td>
<td>110.3</td>
<td>743.0</td>
<td>28.9</td>
<td>47.0</td>
<td>25.3</td>
<td>3.6</td>
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</tr>
<tr>
<td>VALKA</td>
<td>1540.2</td>
<td>15.3</td>
<td>290.3</td>
<td>149.7</td>
<td>837.4</td>
<td>21.4</td>
<td>36.7</td>
<td>12.2</td>
<td>6.1</td>
<td>143.6</td>
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<tr>
<td>VALMIERA</td>
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<td>3.4</td>
<td>255.2</td>
<td>116.6</td>
<td>684.5</td>
<td>27.0</td>
<td>32.1</td>
<td>11.8</td>
<td>1.7</td>
<td>103.1</td>
</tr>
<tr>
<td>VENTSPILS</td>
<td>1241.8</td>
<td>0.0</td>
<td>197.6</td>
<td>141.1</td>
<td>606.8</td>
<td>49.4</td>
<td>28.2</td>
<td>28.2</td>
<td>14.1</td>
<td>127.0</td>
</tr>
</tbody>
</table>

*Estimates

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between municipalities, and envisages legal developments and awareness campaigns (create and broadcast TV and radio programs, information, standstills, etc.), and professional training. Health promotion infrastructure with regional liaison offices throughout Latvia has been created to support successful realization of the Program.

184. In general, lifestyle of Latvians does not include healthy nutrition, milk with 4% or more fat is consumed by 25.2% of Latvians at age of 16-64. 25.1% of population at age 16-64 eat fresh vegetables on daily basis and only 15.7% eat fruits and berries. 27.4% of people are overweight and 13.4% have excessive weight. 36% of population are making half-hour exercising sessions 2-3 times a week in their spare time.

**Health Care System and Quality of Services**

185. Latvia’s health care system offers services on primary, secondary and tertiary level:

- **Primary health care (PHC)** offers a range of services delivered to individuals at outpatient institutions or home by the primary health care professionals.
- **Secondary health care** offers a range of services delivered to individual at outpatient institutions, outpatient facilities of hospitals, emergency medicine services that have outpatient treatment facilities, day centres, other stationary medical institutions by medical professionals.
- **Tertiary health care** offers specialized care services delivered only at specialized medical centres or institutions by medical professionals of different qualification who have (certificate of) an additional qualification.

186. Emergency medical services (EMS) offer help to casualties (patients) in life or health danger. These services are delivered by specially prepared (trained and equipped) professionals with sufficient medical education. Emergency care is available on all three health care levels.

187. According to 2004 Statistical Yearbook of Health Care the overall number of doctors has become stable in Latvia. Share of general practitioners in primary health care increases every year, from 55% in 2003 to 64% in 2004. Emphasis is put on retraining of interns and paediatrists to general doctors or practitioners. All general practitioners must complete certification. This is a clear indication of strengthening health care in the country.

188. In Latvia the number of general practitioners per 100,000 capita remains the lowest among new EU member states. Doctors are overloaded, which makes health care services less available to population. In fact, general practitioners are at the ‘front gate’ to the system and their quality work is a cornerstone of economic efficiency of the system. Precise and professional diagnosis allows decreasing treatment time and costs, and averts extensive absence of sick labour from work in general.
Doctors are concentrated in Riga and its vicinity due higher population density, availability of medical technologies and overall economic conditions in the region. In 2003 number of doctors per 10 000 capita in Riga was 58.8, which is 24.9 doctors more than on average in the country.

According to register of medical professionals out of fall 7 055 doctors 1 114 or 15.8% are older than 63, 1 129 or 16% are 55-62 and 11.45% or 808 are 25-35 years old.

<table>
<thead>
<tr>
<th>Age</th>
<th>Total number of doctors for January 1, 2005</th>
<th>Total number of doctors for January 1, 2005 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-35</td>
<td>808</td>
<td>11.5%</td>
</tr>
<tr>
<td>35-55</td>
<td>4 004</td>
<td>56.8%</td>
</tr>
<tr>
<td>55-62</td>
<td>1 129</td>
<td>16.0%</td>
</tr>
<tr>
<td>63 and more</td>
<td>1 114</td>
<td>15.8%</td>
</tr>
<tr>
<td>Total</td>
<td>7 055</td>
<td>100%</td>
</tr>
</tbody>
</table>

This means that almost 32% of medical professionals are in pre-retirement or retirement age and will retire in next 10 years to give place to doctors not older than 35 and composing a share of only 11.5% of all professionals.
2000 – 2004 health care human resource dynamics are not characterised by a negative trend, but age structure and forecasted leave of medical professionals, their retirement from labour market, comparison with statistic data of other EU states and uneven spreading of specialists in Latvian regions are clear signs of insufficient labour to ensure Latvians with good access to quality health care services. Guidelines Health Care Human Resource Development define national policy aimed ensuring and developing health care human resources in long term period (2005 – 2015).

Current and projected number of primary health care practices is regulated by Program for Outpatient and Inpatient Health Care Service Providers, approved by the Cabinet of Ministers Decision 1003 of December 20, 2004:

Table 13: Current and Planned Number of Primary Health Care Practices in Latvia

<table>
<thead>
<tr>
<th>Statistic region</th>
<th>2004</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Population</td>
<td>PHC practices</td>
</tr>
<tr>
<td>Riga</td>
<td>739 232</td>
<td>419</td>
</tr>
<tr>
<td>Pērēga</td>
<td>358 885</td>
<td>213</td>
</tr>
</tbody>
</table>

53 Population of Latvia for January 1, 2003 – 2 331 480 according to CSB ‘Statistical Bulletin’, 2003, (breakdown of population by age groups and local hospitals and hospital corporations based on CSB ratio – 20.2% of population in 0-17 age group, 79.8% in age group 18 and more).
Much like the whole health care system, primary health care also suffers from insufficient number of medical professionals with secondary medical education. Therefore, the share of doctors and medical professionals with secondary medical education remains small. In 2003 the ratio was 1.9, compared to optimum 5.0 reached by other EU states. This means overload of middle personal responsibilities to senior professionals, and negative impact on doctors work and patient care quality.

When compared to other EU countries, Latvia has the largest population per one primary health care practice, especially in rural areas. Latvia has 1 700 – 2 100 patients per one PHC practice, Estonia – 1 500, Norway – 1 205 and Germany – 679.

Currently Latvia offers insufficiently accessible primary health care services, especially in rural areas, hospital networks are very dense and inpatient services often overlap. Hospitals are underemployed and resources distributed irrationally. There are disparities not only between regions but also within, in terms of demand for hospital wards and average treatment time. Medical technologies are concentrated mainly around medical institutions of Riga and several other large cities. Lion share of available technologies are deployed without rationale or feasibility, technologies are doubling one another and are not used to their full potential. Coordination between EMS units is also weak, which makes rural habitants hard to receive timely emergency care. The core of the problem lies in big distances, bead road conditions, insufficient number of EMS teams, and cross-regional differences in technical base of EMS teams. Rural EMS have no emergency vehicles for off-road driving in rural regions.

Latvian Statistic Yearbook of Health Care of 2002 and 2003 indicates that number of EMS calls per 1 000 capita has risen from 212.6 in 2001 to 218.2 in 2003. Doctors’ calls on house-visits have also grown from 93.7 in 2001 to 96.2 in 2003. Analysis of EMS structure is implicit to point at increase of injuries and accidents from 20.3% in 2001 to 21.1 in 2003.

One’s survival may at times fully depend on timely arrival of EMS. Prehospital EMS services are decentralized in Latvia. Prehospital EMS service providers are mainly municipalities (7 autonomous EMS and 36 EMS departments of hospitals). These EMS units have 37 dispatcher points with differing responsibilities (call centre, coordination of EMS teams, result assessment) and 80 mobile EMS teams. 80% of coronary death cases (for instance, caused by heart stroke induced heart failure, ventricular arrhythmia, clogged-up arteries) occur while at home and 15% on street. Sudden coronary death onset patterns shows that in 65-85% of documented cases death was caused by heart arrhythmia that may be efficiently calmed within first 4 minutes. Each lost minute of first 4 minutes, when heart rhythm must be corrected, decreases patient’s survival chances by 5%.

Health care services delivered by high-class professionals with specific equipment are available at regional and local multidisciplinary (general) hospitals, and specialized centres and hospitals. Such institutions providing state funded health care services

Source: Ministry of Health
may be owned by state, municipality or private owners. Majority of specialized centres are located in Riga. Tertiary health care services are hugely dependent on modern equipment and treatment environment. However, the technical base varies. Some institutions have equipment to perform world-class diagnostics and treatment. In other areas the situation is worse; beam therapy equipment is so demanded that it must be run also after official working hours and on weekends.

200. Purchase of equipment to ensure state-funded health care services is one of the activities of Implementation Plan to Program for Outpatient and Inpatient Health Care Service Providers for 2005 – 2010, and is therefore intertwined with the main policy planning document, Development Program for Outpatient and Inpatient Health Care Service Providers. According to experience of other EU state in implementing similar health care planning documents, Latvian health care quality development and improvement measures are based on optimum infrastructure development, much like in other EU countries. Preparation for this began in 2000 with World Bank financed Health Care Reform Project when a consulting company identified investment needs of all health care institutions providing state-funded health care services. This research did not cover primary health care, since it is mainly private sector service, and some budget institutions like State Blood Donor Centre, Emergency Medicine Centre, Latvian Sports Medicine Centre and others. It is planned to improve technological base by purchase of 4 new angiographs, at the same time linear accelerators will have to be replaced over next 2 years in three institutions of specialized oncology centres (Liepāja, Daugavpils and Riga).

201. Draft Implementation Plan to Program for Outpatient and Inpatient Health Care Service Providers for 2005 – 2010 identifies total area of premises to be reconstructed, demolished or built to improve hospital infrastructure to match EU standards.

<table>
<thead>
<tr>
<th>Classification</th>
<th>Area of premises to be built (m²)</th>
<th>Area of premises to be reconstructed (m²)</th>
<th>Area of premises to be demolished (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional general hospitals</td>
<td>122 992</td>
<td>207 426</td>
<td>8 387</td>
</tr>
<tr>
<td>Local general hospitals</td>
<td>8 294</td>
<td>105 628</td>
<td>1 875</td>
</tr>
<tr>
<td>Specialized centres</td>
<td>3 490</td>
<td>50 246</td>
<td>490</td>
</tr>
<tr>
<td>Specialized hospitals</td>
<td>10 240</td>
<td>60 939</td>
<td>810</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>145 016</strong></td>
<td><strong>424 238</strong></td>
<td><strong>11 562</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Health

202. Guidelines for E-Health in Latvia are adopted to identify strategic approaches to use of ICT application in health sector over the next 10 years.

203. Main objective of the E-Health system is to ensure swift information exchange between health care professionals and policy makers by means of new technologies, and improve the quality of health care services.

204. Project for implementation of Information Management System in Health Compulsory Insurance State Agency is also in progress. The key objective of the project is to create efficient nation-wide health care information and statistics system,
supported by modern IT platform, single register, classification and internal payment system. System should also allow quick reporting and use of single software.
Health Care Reforms and Sectoral Policies

205. Health Care reforms are aimed at improving and developing an efficient health care system and rational absorption of state budget funding. The key objective of the reform is to create patient-oriented, efficient and accessible health care system.

206. Program for Outpatient and Inpatient Health Care Service Providers envisages decrease of existing hospitals from 112 to 46 through merger, reconstruction or closure of some hospitals to ensure maximum return from limited financial resources. Due to ageing trend it is also necessary to think about specialized care to aged people.

207. Program includes development of 20 new primary health practices (for general practitioners) and improvement, transformation of 50 existing practices to locate health care services possibly closer to inhabitants. Other measures include improvement of emergency medicine services, i.e. dispatcher centres all over the country and 48 new teams.

208. Program for Outpatient and Inpatient Health Care Service Providers requires closer attention on human resource matters, for instance, new practices of general practitioners cannot operate without practitioners themselves. This problem is especially difficult in rural areas. There is lack of various medical professionals and other personnel, as well.

209. Main problems in health care sector:

- Latvia has the highest mortality rate in EU;
- Comparison with average EU figures shows that Latvia has deep problems with various diseases, like tuberculosis, AIDS, cancer, and there is an upward trend registered over last 4 years;
- Number of diagnosed occupational diseases has also increase over the last 4 years;
- Quality and accessibility of primary health care services in rural areas is inadequate. Number of inhabitants per primary health care professional is significantly higher than in other EU member states, and primary PHC professionals are overloaded. Primary health care system needs to be optimized;
- Emergency medicine services are inefficient, there is a lack of teams, varying technical base of teams in different regions. Rural areas have no emergency vehicles suitable for driving on rural roads,
- The self-assessment of inhabitants’ own health is inadequate,
- Health care sector is expected to face labour shortages in the nearest future.
2.5. **PUBLIC ADMINISTRATION CAPACITY BUILDING**

_Better regulation principle in public administration_

210. Better regulation policy is an EU initiative for improvement of quality and efficiency in public administration\(^{55}\), including upgrading public policy-making system, elimination of administrative barriers and simplification of legal acts.

_Public policy-making, policy impact assessment_

211. Direct public administration policy planning system started to develop in 2000. System sets forth main stages of policy-making, types of policy planning documents, procedures for drafting and adoption of these documents by the Cabinet of Ministers. Policy planning is regulated by the Regulation 111 ‘Order of Procedure of the Cabinet of Ministers of the Republic of Latvia’ of March 12, 2002. Improvements of policy planning system put special emphasis on policy impact assessment procedures and development, introduction of these methods.

212. All policy planning documents adopted since 1991 are compiled in a single data base that was created in 2005, contains 879 policy documents and is located in web-page of the Cabinet of Ministers. Procedures for linking policy planning to state budget planning are partially adopted. However, since these procedures are not stipulated by law, they are loosely followed while planning current budget.

213. Policy planning system is oriented to middle-term planning. The link between national level and long-term planning documents (National Development Plan, Economic Development Long-Term Strategy and others) is insufficient, much like horizontal links of sectoral documents, especially in terms of priorities, activities and financial planning. As for long-term planning, responsibilities of various institutions are unclear and there is no coordination system for that either.

214. Despite the fact that implementation of policy planning system involved training of public servants, qualification of these professionals is still insufficient. Improved policy making and implementation requires use of policy impact assessment methods. Cooperation with educational institutions needs to be fostered to develop study programs for political analysts. As SIGMA 2005 Report on Regulatory Management Capacities in Latvia states, although policy impact assessment tools are used, their application is of various quality. Capacity for implementing better regulation principles at different ministries is also various. If these principles are to become a common rule, close attention should be paid to number of responsible officials. There are no free human resources, and in some cases public servants become overloaded when these responsibilities are assigned to them\(^{56}\).


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\(^{55}\) Within the context of the document, public administration includes institutions responsible for state governance, i.e. government institutions of national, regional and local, and judiciary level.

through public hearings with inhabitants, non-governmental organizations and experts.

216. Successful implementation of policies is largely dependant on activity of the non-governmental organizations, and is based on decreasing support and complementarity principle. Direct state funding to non-governmental institutions decreases proportionally to increase of their capacity and such financing is offered to complement the own resources of these organisations, not a full financial resource one needs. The main objective of the policy is to ensure favourable environment for sustainable development of civic society by means of increasing knowledge, skills and information to public servants, citizens, businesses and non-governmental institutions, as well as eliminating administrative barriers and ensuring grants for implementation of innovative ideas. This would increase the number of persons officially or unofficially cooperating to their own and society’s benefit, increase public participation in public administration processes and administrative, financial capacity of NGOs.

Public policy planning at regional and local level

217. MRDLG has prepared a draft Regional Self-Government Law, which stipulates that regional self-government should commence work on January 1, 2007. Draft legislation identifies the autonomous functions of regional self-governments, some are given authority to develop and implement regional development plans, or spatial plans. Article 14 of Self-Government Law stipulates that municipalities are responsible for development of spatial development programmes and plans, their implementation and administrative control over compliance with these programmes/plans. When amalgamated municipalities and regional self-governments will be established, all municipalities will need assistance in drafting of development programs and spatial plans.

218. Capacity of self-government and municipal enterprise employees is limited; there is a shortage of qualified spatial planners. A clear evidence of that is the fact that amalgamated municipality development programmes have been elaborated by only 15 (or 54%) of 26 municipalities and spatial plans have been developed by only 11 of them. Quality of spatial plans submitted for approval is low, only 2 (or 9%) of 22 submitted plans were adopted in 2004 and the remaining 20 (or 91%) were given back for amendments. 157 plans were reviewed in 2005, of them 44 were adopted and 113 returned for corrections.

Elimination of administrative barriers

219. The main activities for elimination of administrative barriers in Latvia are directed at improving business environment. In 1999 Latvian Development Agency collaborated with Foreign Investors Council in Latvia and World Bank in a pilot project for development of self-assessment tools for evaluation of existing administrative barriers for investments. The same research was repeated in 2002. Analysis of data gathered during repeated research shows that ‘although politic and legal reforms completed as part of EU pre-accession measures can be considered successful, there are signs of negative impact of introduced methodology and businesses are still struggling with complicated and ambiguous procedures that are unnecessarily increasing business costs and risks’. Main problems were identified in tax rates, unstable legal and regulatory frameworks and unpredictability of changes in legislation, tax legislation/administration, infrastructure service costs, competition with shadow
economy, inflation, corruption in public administration, personal and property security, favouritism, licensing, competition legislation.\textsuperscript{57}

220. Survey about administrative and regulatory costs, conducted in late 2003 and early 2004, revealed that:

- The list of business barriers has remained the same since 2001 according to companies working in Latvia, and only some barriers like competition with shadow economy and availability of land have come more to forefront. Unstable legislation and regulations, along with tax rates, were the most common complaints (mentioned by more than 70% of all companies) in 2001 and 2004 alike.

- Comparison of survey results of 2001 and 2004 shows that negative opinion among business has increased regarding aspects like inflation (from 39% to 48%), tax administration (from 54% to 57%), infrastructure service costs (from 45% to 47%), certification standards for goods and services (from 16% to 21%), construction inspections (from 16% to 20%), environmental protection laws and regulations (from 11% to 14%). The largest negative opinion drop has been recorded in aspects like corruption in public administration (from 35% to 29%), competition with shadow economy (from 45 to 40%), personal and property security (from 32% to 27%), construction permits (from 21% to 19%). Despite this decrease, the value of barriers in the overall rating remains significant.\textsuperscript{58}

221. Administrative burden and public administration costs, tax payers’ contribution (both personal and corporate) may be decreased by means of more efficient application of ICT, implementation of e-governance, development of ICT skills among initiants and businesses, modernizing of public administration services, better Access and client-oriented approach. According to research\textsuperscript{59} the main obstacle for delivery of public administration services is lack of information (indicated by 57.3% of companies and 60% of inhabitants), lack of understanding of these services (including e-services) and motivation to use them, no internet access (36% of inhabitants) to use the available services. Considering that part of services is used by both businesses and inhabitants, and lack of other researches, we may presume that administrative burdens laying in the way of inhabitants are the same as for businesses. Indirect proof of that may be found in other research that shows inhabitant desire to receive e-services (77.2% of inhabitants, in age group 15-24 even higher – 92.7%).\textsuperscript{60}

222. Main problems:

\textsuperscript{58} Survey about Administrative and Regulatory Costs, Executive Summary, LIDA, page 1.
\textsuperscript{59} Problems SMEs and various population groups face when receiving and using public administration and e-services, SMSAEGA, 2006
\textsuperscript{60} Assessment of E-Service Availability and Efficiency in Latvia, SMSAEGA, 2005

HR_operational_programme_consolidated3; Draft Operational Programme „Human Resources and Employment“ 64
• The link between national and long-term policy planning documents is weak, especially in terms of priority setting and budgeting.
• Capacity for drafting and implementation of spatial development plans in amalgamated municipalities and regional self-governments, established according to reform, is limited.
• Number of individuals working to achieve their own and public objectives is small. Public involvement in state governance is low, NGOs are in need of administrative and financial capacity.
• The main obstacles for business development are competition with shadow economy, availability of land, unstable legal and regulatory framework and tax rates.

**Public administration management**

*Introduction of quality management systems in public administration*

223. Institutional management and other management issues having impact on time of delivery and efficiency, quality of services are systematic and may be optimized. Introduction of quality management systems in public administration could become a significant tool for improvement of government institution work.

224. CoM Regulation 501 *Quality Management Systems for Public Administration Institutions* were adopted on December 4, 2001 and CoM Recommendation 1 *Implementation of Quality Management Systems in Public Administration Institutions* was adopted on December 11, 2001. Implementation of quality management systems in public administration of Latvia is a decentralized and voluntary process, hence different systems and approaches are used, although CoM regulation allows quality management systems of Latvian national standard LVS NE ISO 9001 „Requirements for Quality Management Systems” adequate to the particular institution. Considering that the definition of quality management system is ‘system of internal policies that systemises management to ensure compliance with the legislation and reach other mission objectives’, there is a clear link between institutional strategies and quality management system, which means that for public administration quality management and operation must become a part of strategic planning system.

225. There are some examples of quality management systems or their elements implemented in public administration institutions, e.g. Ministry of Economy, Ogre Amalgamated Municipality and Liepāja City Council, who have systems in line with ISO 9001 standards, a self-assessment methodology for evaluation of services provided to businesses has been developed in scope of activities for removal of administrative barriers to businesses, educational institution self-assessment methodology has been developed in scope of World Bank project *Education Development* and this methodology is planned to become a unified quality assessment instrument for all educational institutions, self-assessment tools have become one of university accreditation requirements.

226. Although these activities show that public administration institutions are interested in improving the quality of their work, the activity in terms of implementation is low. Another proof of that is the fact that Latvian Quality Association Quality Award winners are come solely form private sector. Latvian Quality Award is presented
annually, at the end of Annual International Quality Management Conference. Award bylaws state that prize is awarded in three nominations: large enterprises, SMEs and public administration institutions (there are no winners in this category so far).

227. To promote implementation of quality management systems in public administration, emphasis must be on link with strategic planning process at direct administration level, experience exchange and training of institution managers and employees.

**Improvement of public administration services**

228. Businesses and inhabitants should have access to timely and quality services, therefore the accessibility and convenient location of service providers must be carefully considered.

229. Improvement of public administration services has been briefly discussed under the section *Elimination of administrative barriers*. Improvement of services is closely linked to e-governance, because electronic format is one of the main services accessibility and quality features. However, quality and accessibility of ‘traditional format’ services still remains an important questions, especially in the light of limited internet access on the territory of Latvia, lack of ICT skills, especially among older generation and fact that some of the services, in health care and social insurance, cannot be digitalised.

230. State and municipal institutions provide around 900 different services to inhabitants. Inhabitants need easy and permanent access to information and services. Although there are no general service quality researches, quality assessments are conducted vis-à-vis sectoral policies and institution performance is measured on the basis of results and indicators of strategic planning. One of examples here is 2002 research *Curbing system leakages: health sector and licensing in Latvia*\(^1\), which outlines the main problems of public service quality:

231. Research includes survey of business on government support. Only 8% rated government support as good, while 23% rated it as bad and 19% rated it as very bad. Only 12% of businesses said the level of corruption in government regulatory processes was low, while over half (55%) thought that the level of corruption was high or very high. And 6% of businesses admitted to giving a gift or unofficial payment.

232. Some 8% of households applied for any license or permit in the last five years. The license mentioned most often was a driving license. No less than 85% of respondents said they were satisfied with the licensing process, and only 7% said they were dissatisfied. Only one quarter of household respondents felt they had all the information they needed about their health care entitlements. People would like to get information from the mail and brochures, as well as from mass media sources. Only 21% of government health service users knew how to make a complaint. Only 19% of households said that health services were good or very good. The most common response (44%) was that health services were neither good nor bad, and 37% gave a rating of bad or very bad. Despite this, most people who described a contact with government health services said they

were satisfied with the care they received. Some 81% said they were satisfied or very satisfied, while just 9% expressed dissatisfaction.

233. Rating of services identifies those issues that should be evaluated during social audit of public administration institutions and researches of the satisfaction with the quality and accessibility of services. Promotion of such researches in all public service sectors is a necessary step to improve service quality in long term.

Availability and quality of public services from regional and local perspective

234. Latvia has a scattered municipal system – there are 530 local self-governments (7 largest cities and 53 district centres, 444 rural municipalities and 26 amalgamated municipalities) and 33 regional self-governments (26 districts and 7 largest cities). Saeima has therefore adopted Amendments to Administrative Territorial Reform Law. The objective of administrative and territorial reform is to ensure efficient work of municipalities and optimum municipal service tailored to needs of inhabitants. Administrative and territorial reform includes creation of service centres, which unfortunately is hampered lack of qualified specialists. Survey of municipalities shows that municipal employees need training, including IT training about use of software and State Register data bases. Administrative and territorial reform will increase the capacity of local and regional municipalities (including development centres and competence centres) and harmonize costs. This must be complemented with training, Exchange of experience between member of councils and executive bodies.

235. Majority of local self-governments have comparatively high management expenditures, low administrative and insufficient financial capacity to fulfil legislation-prescribed functions. This hampers development of municipalities. 9% of all municipal expenditure was used by municipalities for management purposes in 2004. The highest expenditure rate was 54.08% (Vecates rural municipality with 601 inhabitants), and lowest 3.13% (Ikšķile amalgamated municipality with population of 6,713) and 3.70% (Zasa rural municipality – 1,094 inhabitants). For Riga City (with population of 735,241) management costs amounted to 9.68% of total expenditure. In order to provide inhabitants services in scope, shape and quality stipulated by legislation and regulations, quality systems based on legislation-stipulated standards need to be implemented, ensuring higher efficiency of municipalities.

236. Administrative, territorial and regional reform requires analysis of public administration system to define the optimum management of each function according to subsidiarity principle. Municipalities do not have single expenditure accounting and reporting system that explicitly show municipal expenditures required to fulfil all functions. There is no cost analysis, scope and quality of autonomous municipal functions (Article 15 of Self-Government Law), and additional costs borne by municipality in case of state function transfer or adoption of new functions. At the same time regional offices of state institutions are scattered in an uneven manner (Central Bureau of Statistics has 26 regional offices, State Enterprise register has 9, Regional Environmental Board – 9 and State Labour Inspectorate – 7), hence offering inconvenient Access to state public administration services at regional and local level.

63 Regional administrative and territorial reform problems in Latvia, 2001.
237. Main problems:

- Low interest of public administration institutions in development of quality management systems, modern policy-making approaches and administrative methods,
- Quality of public services in some sectors is unacceptable,
- Services are badly managed, low quality and non-efficient at regional and local level.

**Development of Human Resources in Public Administration**

238. According to data of the Central Statistics Bureau for the end of 2004 out of 1,018.6 thousand working population (age 15-74) 245.0 thousand worked in public sector and 367.3 were employed by private sector. 7.2% of these were working in public administration, defence and social insurance, 8.1% in education sector and 5.3% in health and social care. 28,781 public servants were employed by government institutions. Of these 6,794 in general civil service and 21,987 in special service.

**Development of personnel management**

239. Latvia’s public administration is often blamed by the EU for having insufficient administrative capacity and inability to work with the society and other public administration institutions. Public opinion polls and views expressed by politicians are also not favouring the quality of servants’ work. Although there are no surveys about public trust in public administration, routine sociological surveys include questions about trustability of some state institutions. Results of an opinion poll conducted in May 2005 show that 54.4% of people are not satisfied with State Customs, 43.9% do not trust State Revenue Service, 34.8% distrust municipalities, 30.2% - Border Guards. The distrust with the Cabinet of Ministers was expressed by 64.1% of inhabitants, which may be a sign of trust to executive power, yet is a clear indication of nature of government-society relations.

240. Personnel management is decentralized and performed on individual basis. The quality of recruitment and other personnel functions is low, personnel management functions are often exercised loosely, without strategic approach, planning of human resource development and use of modern approaches so popular in private sector.

241. The primary objective should be unified public service with common understanding of modern personnel management work, its contribution to the overall efficiency of an institution. To meet the target, measures for development of best personnel management practices should be implemented and general harmonisation between institutions should take place, personnel management procedures should be put in place, recruitment procedures polished and performance assessment systems established, management skills improved and managers engaged in personnel management.

242. Use of IT resources and processes in public administration has been developing on individual (institution) basis, which has lead to incompatibility of systems and problems with data about remuneration and data for human resource development planning. State Civil Service data base compiles information about servants working

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64 Public sector statistics cover state and municipal institutions, enterprises where state or municipality owns 50% or more shares and other public institutions.
in government institutions (around 100 of institutions). Remuneration data is stored in database of Ministry of Finance. Both information systems are not compatible and information is doubled (the volume of overlapping information is ~70-80%) and these bases have small number of analytical tools. Due to lack of centralized data bases institutions develop their own personnel information systems and invest additional resources in non-compatible systems. 2004 research of ST and World Bank on public administration, personnel and remuneration IT systems shows that main disadvantages and compatibility problems concern not only personnel management functions, but also wider range of functions and processes.

Qualification of public servants

243. Formal education level of public servants is manifold and generally in line with job descriptions. Professional qualification of public servants is often based on one education, sometimes several educations, including studies abroad and further education programmes that is combined with working experience in other fields. According to data of Ministry of Education and Science public administration studies were taught in 41 college programme (4 692 students), 43 bachelor programmes (7 309 students), 42 vocational programmes (15 835 students), 45 master programmes (2 710 students), 46 higher professional education programmes (2 352 students) and 51 doctoral programme (380 students). In 2005/2006 study year the total of 33 278 students attended public administration courses, of these 10 562 for tuition fee and 816 for free (state budget funded places). Data allows assuming that supply of education system is generally adequate.

244. Although crumbled information systems do not allow compiling public servant education information, experience shows that cooperation between educational institutions and public administration needs strengthening to provide basic education and skills to public servants within higher education programmes. Professional qualifications of these are partially covered by professional standards. The register of professions comprises 332 professional standards, 155 of which are relevant to public administration. However, systems of professional standards and job classification are not compatible and too scattered, therefore may be used only as reference when planning courses and further education programmes.

245. Further education of public servants is managed by the Latvian School of Public Administration School (LSPA) of the State Chancellery. Training is organized in Riga (77.5% of all courses)\(^{65}\) and 10 regional training centres (22.5% of all courses). In 2004 training courses were delivered to total of 10 123 servants. 7 432 servants attended PAS courses by September 30, 2005. Considering that number of employees in public administration reaches 28 000, we can conclude that courses are available only to 25-30% of all public servants.

246. Each PAS organized is attended by 64.3 employees on average (in Riga 78.8 and in regions 47.7). Evaluation of courses tends to be positive, the average rating ranges between 8.9 and 10 points, but there is no system for assessment of application of new knowledge in practice and impact of training on quality of professional work done by these servants.

247. Majority of PAS courses were developed and introduced in 2002, which means that these courses need to be reviewed and updated, and some of the courses even date

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\(^{65}\) Hereinafter „Public Administration School Training Review 2004“.
back to 1999 and earlier. However, the development of new courses is hampered by lack of human resources and clear-cut procedures. Current training development practices are funded from budgets of various dedicated projects. Beside PAS courses, many ministries organize their own internal training courses that are funded either from various projects or budget.

248. State training order for coming year is formulated by the State Chancellery, defining priority contents of courses. State order is based on results of annual evaluation of public servants, i.e. information about training needs. However, there is no methodology for identification of training needs; hence training is too vague and relatively relevant to actual work. State Chancellery has started developing public administration professional competence module to improve professional qualification growth system and devise precise training identification tools.

Motivation of civil servants

249. Human resource development in public sector is impossible without motivation. Motivation ensures loyalty of public servants to their work and allows attracting best professionals. Apart from competitiveness of public sector and private sector wages, there are other attractors that motivate people to jout public administration. ST research, conducted in 2005, Social, Psychological Profile and Motivation of Civil Servants, reveals the main motivation aspects (in descending order): wage, management appraisal, client gratitude and respect of colleagues (last two have equal weight).

250. Research also shows that another feature attracting employees to public sector is the stability of work, stability index in state administration is 63.3 in comparison with 46.6 in private sector. At the same time research results point toward career growth as one of main plans of employees for further 14-15 years, including change of work within closest 5 years. That means that main emphasis is to be put on career growth in public sector. Apart from that, better career growth and prestige can be more important than decent wage. But the major factor that lures employees to work and motivates them is career growth. Lack of career growth opportunities is like low wage and the main reason for high staff turnover in public sector.

251. Although there is accountable data on staff turnover, information compiled by some institutions shows that turnover rate fluctuates from 6% in specialized divisions of Interior Ministry, for example, to 70% in other ministries. Staff turnover data is distorted by reorganisation of institutions, and the average administrative staff turnover rate is 30%, a figure backed by the fact that amount of civil servants with more than one year experience in the same institution is no more than 30%.

252. One of the main reasons for accepting position either in public or private sector is public prestige of the profession or professional image. The research shows that internal and external self-assessment of professions in public sector differs. External and internal opinion coincides only regarding the following four aspects: public servants are enthusiasts, they may be proud about their work, their work involves immense responsibility and public servants are generally well-educated people. The main differences in opinions, predominantly negatively viewed by public, are related to the fact that public servants are thought to have extra income, many of them are in

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66 Social, Psychological Profile and Motivation of Civil Servants, Draft Final Report, 2005, page 46
pre-retirement age, nothing is done without bribing and that servants only pretend to be working, without doing anything useful\textsuperscript{67}. Assessment gap is a clear sign of need for improved public relations to make image of civil servant more respectable.

253. Main problems:

- Quality of personnel recruitment and other personnel management issues is low; there is lack of strategic approach, human resource development planning and approaches popular in private sector are not applied.
- IT processes and resources in public administration have chronologically developed in decentralized manner, which has lead to use of non-compatible systems and problems in gathering remuneration data and proper planning of human resource development.
- There is no system for assessment of application of new knowledge in practice and impact of training on quality of professional work done by these servants.
- There is no methodology for identification of training needs; hence training is too vague and relatively relevant to actual work.
- Unsatisfactory career growth possibilities and low wage are the main reasons for high staff turnover.

\textsuperscript{67} Ibid, p.31. 2005.
2.6. BALANCED TERRITORIAL DEVELOPMENT

254. The territory of Latvia is divided into five planning regions: Kurzeme Region, Latgale Region, Rīga Region, Vidzeme Region and Zemgale Region. At the beginning of 2005 there were, in total, 556 Local Governments in Latvia: 530 Local Governments (7 cities and 53 towns, 444 rural municipalities, 26 amalgamated municipalities) and 33 District Local Governments (26 districts and 7 cities).

255. There are approximately 74 000 populated areas in the populated areas network of Latvia. According to legislation, populated areas are divided into cities/towns and rural populated areas (homesteads, villages). At the beginning of 2006 there were 77 cities/towns in Latvia that were divided into separate administrative territories (7 cities and 53 towns, of which 20 are district centres and 19 are towns with rural territories) and amalgamated municipal territorial units (17 towns of amalgamated municipalities). At the beginning of 2004 there were 453 rural Local Government territories in Latvia (including 441 rural municipalities and 12 amalgamated municipalities that do not comprise urban territories).

256. The Regional Development Law (in effect as of 23 April 2002) sets forth the objective of regional development – to promote 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 cultural heritage features and development potential of each area. Due to geographical location, cultural, historical and economic traditions, different areas may pursue different development models taking full advantage of their features or potential characteristic of the particular location. Failure to harness the above potential to the full extent has resulted in unfavourable socio-economic disparities between different regions that at the same time hamper the competitiveness of Latvia in the European Union.

257. According to CSB data, the Rīga Planning Region is the most advanced according to the social and economic development due to the influence of the capital city, Rīga. Of the total GDP, 85% is accounted for by the Rīga Planning Region. 68

<table>
<thead>
<tr>
<th>Ratio of social and economic indicators to the national average indicators (national average – 100%)</th>
<th>Kurzeme Planning Region</th>
<th>Latgale Planning Region</th>
<th>Rīga Planning Region</th>
<th>Vidzeme Planning Region</th>
<th>Zemgale Planning Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita in LVL</td>
<td>87.70%</td>
<td>51.60%</td>
<td>140.20%</td>
<td>59.90%</td>
<td>57.30%</td>
</tr>
<tr>
<td>Non-financial investments per capita LVL</td>
<td>96.80%</td>
<td>47.60%</td>
<td>135.30%</td>
<td>67.90%</td>
<td>66.90%</td>
</tr>
<tr>
<td>Level of demographic load</td>
<td>105%</td>
<td>59.30%</td>
<td>95.90%</td>
<td>108.50%</td>
<td>101.20%</td>
</tr>
</tbody>
</table>

68 76% of all the non-financial investments and 82% of the region’s economically active enterprises and companies are concentrated in Rīga. 72% of the personal income tax in the Rīga region is paid by the residents of the Rīga City.
<table>
<thead>
<tr>
<th>Number of economically active companies per 1000 inhabitants</th>
<th>67.60%</th>
<th>102.00%</th>
<th>147.40%</th>
<th>62.00%</th>
<th>52.80%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate in %</td>
<td>110.40%</td>
<td>198.00%</td>
<td>63.40%</td>
<td>105.30%</td>
<td>103.20%</td>
</tr>
</tbody>
</table>

Source: Ministry of Regional Development and Local Governments (MRDLG)

258. Rīga also leads in economic development at the national level, which is partially determined by the high concentration of population in the capital: 31.7% of the population of Latvia lived in Rīga at the beginning of 2004. Due to the concentration of economic activities in Rīga and its vicinity, the development of a monocentric settlement structure is facilitated. As a result of monocentric development, disparities between the planning regions increased in the period 1999 - 2003.⁶⁹

259. Balanced and sustainable development of the State and its specific territories can be reached by facilitating polycentric development. Polycentric development is based on the exploitation of the economic and social potential of development centres, as well as its increase with the aim of establishing a network of development driving forces in the region. A development centre is a populated area, where resources (including human resources), social and economic activities, and services are concentrated facilitating the development of the surrounding territory. A network of development centres is established by differentiation of the above centres according to their significance in the regional/national population system and specialising in particular economic activities, as well as the activation of mutual cooperation and amalgamation of the surrounding rural territories around itself.⁷⁰ Taking into consideration the above, the capital of Latvia – Rīga - can be assessed as a development centre of international significance, whose development is important in strengthening the competitiveness of Latvia at the international level. The cities (excluding Rīga) and towns are at the level of development centres of national and regional significance. Towns, amalgamated municipalities, rural municipalities and villages, in turn, are at the level of development centres of amalgamated municipality and local significance.

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⁶⁹ In 1998 the gross domestic product per capita in the Rīga planning region was 2.4 times above the figure in the Latgale region but in 2002 – already 3 times. In 1999 the number of economically active enterprises per 1000 population in Rīga region was 2.4 times the figure in the Latgale region but in 2003 – 2.8 times. In 1999 the amount of personal income tax per capita in Rīga region was 2.1 times but in 2003 – 2.2 times above the figure in the Latgale region. On average, at the beginning of 2002 the unemployment rate in the Latgale region exceeded 3.4 times the unemployment level in Rīga region but at the beginning of 2003 – 3.5 times.

⁷⁰ National Development Plan for 2007-2013
When analysing the development potential of planning regions, it was concluded that the Kurzeme Planning Region is crossed by major transport corridors – motorways and railways, as well as main natural gas and oil pipelines. There are vigorous and evenly distribute towns in the region that are linked by a territorially developed motorway network. However, due to the relatively long distances between the development centres, the quality of road infrastructure connecting them must be significantly improved. Liepāja and Ventspils can be regarded as the most significant development centres of the Region, while Kuldīga, Talsi and Saldus could become significant development centres in the future. As Kurzeme is a coastal region, its small and large ports are to become complex development centres of entrepreneurship. The development potential of the region is facilitated by the infrastructure of large and small ports, fishing, fish farming and fish processing, as well as the manufacturing industry, information technologies, tourism, limestone and clay deposits that ensure favourable preconditions for the production of construction materials.

In the Latgale Planning Region good transportation routes have developed with large centres in the neighbouring countries. As Latgale is crossed by such major transport corridors as the main national highways and railways, main natural gas and oil pipelines, good linkage and transport opportunities in the directions West – East and North – South are ensured. The economic activity of the region is concentrated in Rēzekne and Daugavpils. Towns, such as Krāslava, Balvi, Ludza, Preiļi and Liūši could transform into new development centres of the region. The development potential of the region is the traditions of industrial production and crafts, low production cost and preserved machine building industry. The climatic conditions of the Latgale Planning Region create preconditions for the development of specialised agriculture. The ecologically clean environment, in turn, and varied natural resources, facilitate the development of tourism, including ecclesiastical tourism.
262. The advantage of the Rīga Planning Region is its convenient geographic location both in comparison with other planning regions and internationally. The Rīga Region is a significant transport hub at the national and international level facilitating the development of logistics centres. The systems of links and communication in the Rīga Region comply with modern requirements, and information technologies are widely used. The Rīga Planning Region stands out among other regions with the concentration of population, services and manufacturing, ensured by the influence of Rīga as a significant development centre. In order to ensure balanced development of the region, it is essential to strengthen the social and economic activity of the following development centres: Tukums, Limbaži, Ogre, Jūrmala, Olaine and Sigulda. The region is characterised by high potential of science and technology: such highly qualified specialists as scientists, engineers, technicians, workers and managers are concentrated in the region and work in particular knowledge intensive and high technology sectors – software engineering, machine building, pharmacology, biotechnology. The Rīga Region attracts qualified workforce from other regions of Latvia as well. In the future, the Rīga Planning Region will have a leading role in the orientation of the development of the national economy towards a knowledge-based production (information and communication technologies, biotechnologies, pharmacology, ecologically clean food and deep wood processing) and services with high added value (transit, tourism, financial services, business management, distribution of goods and services). In the future, the Rīga Planning Region will have a major role in the promotion of international competitiveness of Latvia.

263. The Vidzeme Planning Region is crossed by major national motorways and railways, as well as the main natural gas pipeline. The territory is crossed by highways of international significance linking the region with the Republic of Estonia and the Russian Federation. Thus, support to the transit infrastructure could promote entrepreneurial activity. There are several economically active towns in the region: Valmiera, Cēsis, Alūksne, Gulbene, as well as Smiltene, that all together form a basis for a balanced, polycentric settlement structure. Valmiera is presently developing rapidly and could strengthen to become a powerful centre of economic development in the future. The potential of the region is facilitated by agricultural traditions, well-developed processing of agricultural products and food processing, as well as tourism infrastructure and tourism objects – an almost unchanged natural environment and the Gauja National Park.

264. The Zemgale Planning Region is crossed by major transport corridors that provide a gateway from the West to East (Rīga – Moscow) and from north to south (VIA Baltica). At the same time, one must note the poor condition of the road and bridge infrastructure, hampering the development of transport and populated areas. Jelgava and Jēkabpils can be regarded as economic and social development centres of the region. Bauska, Aizkraukle and Dobele also have significant development potential that ensures the preconditions for polycentric development based on the existing district towns and small towns. The scientific and research potential of the Agricultural University of Latvia, the vicinity of Rīga, the richest agricultural land in Latvia and high industrial production form the development potential of the region.

265. In the network of development centres, it is important to develop cities that at both the level of the European Union and nationally (Member States) are acknowledged to be significant driving forces ensuring balanced territorial development (Cohesion Policy), as well as largely contributing to achievement of growth and employment objectives (Lisbon Strategy). At the same time it is important to ensure the development of rural
territories in the network of development centres because these territories concentrate resources (human resources, production resources, natural resources, etc.) that facilitate the growth of cities.

266. Latvia is characterised by a high level of urbanisation, i.e. the population is concentrated in cities (in January the rural population in the Rīga Region accounted for 48% of the total population of the region, in the Vidzeme Region – 42.1%, in the Kurzeme Region – 62.1, in the Latgale Region 57.6%, whilst in the Zemgale Region – 47.8%). However, in some cities and planning regions of Latvia, negative social and economic development trends can be observed hampering polycentric development opportunities. One of the major indicators of economic activities characterising the disparities between cities/towns is the budget income of urban Local Governments. For example: in 2002, the budget income of eight urban Local Governments accounted for 46% of the total Local Government budget income. In 2002, 7 towns (Rīga, Daugavpils, Liepāja, Jelgava, Rēzekne, Ventspils, Jūrmala) together accounted for 71% of the GDP of Latvia.

267. Disparity in the unemployment rates in cities with the highest and the lowest rate during a five year period has been considerable, with the trend to increase; at the beginning of 2000 – 9.2 times, but at the beginning of 2004 – 12.6 times. The biggest differences and changes during five years according to the proportion of personal income tax, can be observed in the group of small and average towns according to the number of inhabitants. In general, a correlation between the number of inhabitants and the value of the development index can be observed. The average development index with the highest negative value is found in groups of towns with the lowest number of inhabitants.

268. Rural territory accounts for 89% of the total territory of the country, however, only 32% of the total population lives in rural areas. Structural changes in rural economy, especially in agriculture, can be observed in rural areas. The proportion of agriculture in the GDP is low (2.4% in 2003). In rural areas, as in the country in total, the level of entrepreneurial activity is low. Entrepreneurship is developed in such sectors as trade, transport services, agro-service, processing, wood-processing and crafts, as well as rural tourism. Non-traditional agricultural and non-agricultural entrepreneurial activities are undeveloped. Food and wood processing companies, being the most significant and economically strongest companies in rural areas, are the major investors and creators of new jobs.

269. At the beginning of 2004, the unemployment rate in the rural municipalities of Latvia accounted for 8.0% in average, which was by 0.9 percent lower than at the beginning of 2000 (8.9%), and 0.6 percent higher than at the beginning of 2003 (7.4%). The average unemployment rate in the rural municipalities of Latvia in the period 2000-2003 was by 1.5-1.8 percent higher than the unemployment rate in towns.

73 The population in 12 Latvian towns is below 2 thousand, in 19 towns it is 2-4 thousand, in 15 towns – 4-8 thousand, in 18 towns – 8-16 thousand, in 6 towns – 16-32 thousand, in 3 cities – 32-64 thousand and in Rīga – 700 thousand.
270. The low level of income, as well as lack of financial capital and economic experience, have influenced migration of economically most active inhabitants from rural to urban areas and abroad. The above facilitates the development of sparsely–populated territories affecting the total development of rural territories. The migration of inhabitants from rural to urban areas creates the need for access to additional services in cities/towns (job, place of residence, transport, etc.), as well as for support for renovation and development of wornout infrastructure.

271. The aim of a polycentric country is to ensure the economic and social activity of its population, as well as the availability of services in all regions of Latvia at a distance acceptable to each inhabitant, implementing the scenario of balanced development providing for balanced development of the different areas of the country, accounting for their specifics and opportunities, and preserving their characteristic features. In order to implement the balanced development scenario in Latvia, it is necessary for the overall national policy to aim towards an increase of economic and social potential of the development centres. This can be accomplished by the implementation of measures aimed at the preservation of human resources, promotion of economic activity and the provision of availability and accessibility of varied services that, in turn, would provide for the attractiveness of the populated area and its standard of living.

272. Availability of services is determined by several factors:

- sufficient capacity of human resources;
- infrastructure necessary for the organisation of provision of services,
- distance to service centres requiring optimum and arranged networks of roads and developed public transport,
- access to services without leaving the place of residence (e-services);
- cost of receiving services.

273. Additional factors facilitating the attractiveness of a residential area and the standard of living are the following:

- favourable preconditions for entrepreneurship;
- entertainment and recreation opportunities;
- well-organised system of housing;
- well-organised culture infrastructure, availability and good quality of culture services;
- education opportunities, including preschool education establishments.

274. In order to ensure support opportunities for the growth of all areas of the country, facilitating attractiveness of residential areas and an increase in the standard of living, it is necessary to provide for a mutually complementing set of support instruments.

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74 In the period of 2000-2004, the changes in the proportion of urban and rural population differed by region. In the Rīga region, the proportion of the urban population decreased by 0.9%, in the Latgale region – by 0.1% but in the Vidzeme region its urban population increased by 0.6%, in the Zemgale region – by 0.5% and in the Kurzeme region – by 0.2%.
that would ensure mutual coordination of regional and sectoral policies. The instruments provided should be differentiated by territories and prioritised by themes.

275. The analysis of the statistical data according to the levels of development centres shows that development centres of national and regional significance are characterised by a high concentration of inhabitants (62% of all inhabitants), a concentration of higher education establishments (100%) and a lower demographic load (~545). For comparison: in development centres of amalgamated municipality significance, the demographic load accounts for ~655. Only in the development centres of national significance does the proportion of economically active enterprises account for ~65%. Also the number of employees having principal work is high in these centres (67% of all persons employed in principal work). Based on the data analysis, it can be concluded that in the development centres of national and regional significance, the emphasis should be put on support activities aimed at increasing the economic competitiveness nationally (for example: promotion of science development, knowledge-based economy, intellectualisation of economy, technological excellence, development of road infrastructure linking development centres, increasing qualification of the employed, etc.).

276. Taking into consideration the fact that the concentration of inhabitants, entrepreneurial activity and availability of public services in the development centres of amalgamated municipality and local significance is lower in comparison with the development centres of national and regional significance and migration indicators are higher, it is essential to put the emphasis on support activities aimed at the creation of an attractive living environment and preconditions for economic development in development centres of amalgamated municipality and local significance (for example: facilitating favourable preconditions for entrepreneurial development, ensuring availability of different services, including social care and rehabilitation, ensuring entertainment and recreation opportunities, ensuring availability of quality housing, promoting activities that would decrease unemployment, etc.).

277. Main problems to be solved:

- increasing socio-economic disparities between the capital Riga and the remaining territory of Latvia;
- negative socio-economic development trends in cities hampering polycentric development opportunities;
- monocentric development of the country;
- insufficient development of the structure of development centres, where development centres of national significance and development centres of regional, amalgamated municipality and local significance are equally important, thus facilitating the polycentric development of the country;
- inability of development centres to ensure adequate level of services to entrepreneurs and inhabitants, as well as their insufficient attractiveness to investors;
- lack of human resources and its low capacity;
- low entrepreneurial activity in regions and underdeveloped infrastructure, information and communications technologies including;
- weak coordination of activities of state and municipal institutions;
2.7. **INTERNATIONAL COMPETITIVENESS OF RĪGA**

278. At present Rīga is already the centre of political, economic and cultural life of Latvia, as well as the central metropolis of the Baltic States region, but its role in the context of wider regions, for example: the Baltic Sea Countries or the European Union, is significantly less. Although Rīga has several key preconditions for becoming a metropolis in a broader geographical context, for example: advantageous geographical location between the East and the West and the most important centre of transport, communications, economic activities and culture in the Baltic States, there is a need for purposeful investment that would strengthen Rīga as a socio-economic and cultural centre, thus developing it as the metropolis of business transactions, science and cultural excellence in the broader region. Currently Rīga is already the driving force of the Latvian economy, thus strengthening its international competitiveness will make a significant contribution to the socio-economic development of Latvia as a whole in the future, facilitating creation of a larger tax basis to be used for decreasing socio-economic disparities in regions.

279. The National Development Plan 2007-2013 sets forth that promotion of Rīga as the centre of business transactions, science and cultural excellence in Europe and the Baltic Sea region is essential for the strengthening of Latvia’s global competitiveness. Further transfer of excellence, potential and resources created in Rīga to other regions of Latvia is a key precondition for balanced development and improved standard of living.

280. Strengthening of the international competitiveness of Rīga includes two mutually interlinked directions of development:

- The development of Rīga as a metropolis of the Baltic Sea region;
- The development of Rīga as one of the most powerful capitals of the EU.

281. Currently the position of Rīga in comparison to such metropolis of the Baltic Sea region as Stockholm and Copenhagen, is characterised by the following indicators:

- The geographic advantage of Rīga as well as Stockholm and Copenhagen is their location on the Baltic Sea. Although Copenhagen is closer to the political and geographical centre, and to the largest metropolis of Europe, the advantage of Rīga is its location at the cross point of the East-West and South-North transit corridors. But due to development of transport technologies, Rīga may lose its geographic advantages.

- At the beginning of 2005, the number of inhabitants in Rīga accounted for 731,762, that is 31.7% of the total population of Latvia. The average number of inhabitants in other capitals and large cities of the EU is much higher, but among metropolis and regional centres there are such capitals of the Baltic Sea Countries, such as Copenhagen with 500,000 inhabitants and Stockholm with 750,000 inhabitants. However, such a high concentration of population in one city is not characteristic to other large cities of the European Union.

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75 *National Development Plan of Latvia 2007-2013*
The total area of Rīga accounts for 307 km², which is larger than Copenhagen (88 km²) and Stockholm (216 km²).

The population density in Rīga is one of the lowest among the largest cities of the Baltic Sea region (in 2004 the population density in Rīga was 2845 persons per km², in Stockholm – 4048, but in Copenhagen – 5871). But in the Rīga City the natural land-surface territory and natural surface water systems account for 16 652 ha or 54.2%, which creates an ecologically clean environment and advantages for inhabitants.

In 2003, the unemployment rate in Rīga accounted for 4.4%. Comparatively, at the same time it was 7% in Copenhagen and 4% in Stockholm.

The majority of employed, work in the trade sector (in 2004 18.8% of the total number of the employed), the second largest number of inhabitants is employed in industry (in 2004 18.3% of the total number of the employed). In Stockholm and Copenhagen, respectively, the majority of employed (almost 50%) work in sectors such as financial transactions and real estate (20 – 24%), trade, transport and communications (20-23%).

The number of companies per 1000 inhabitants in Rīga is almost 40, which amounts to the average number in the EU, including among the states of the Baltic Sea region. Besides, 56% (data of 2003) of all companies registered in the country are registered in Rīga, which is the highest rate among the states of the Baltic Sea region.

The port of Rīga is the fourth largest port on the eastern coast of the Baltic Sea with regard to cargo turnover. Cargo turnover has the trend to increase reaching almost 25000 tons in 2004. However, the port of Rīga shows one of the lowest indicators among the cities of the Baltic Sea region concerning passenger traffic.

Rīga Airport is the largest airport among the Baltic States, according to the number of passengers served. The number of passengers served at the Rīga International Airport accounted for 1 878 000 in 2005, but for 17 000 000 at the Arlanda Airport in Stockholm in 2004 and for 20 000 000 in the Kastrup Airport in Copenhagen.

The majority of foreign investment made in Latvia is concentrated in Rīga and at the beginning of 2005, investments in the share capital of companies registered in Rīga reached almost 1 billion lats and the above investments were made by more than 12 thousand investors from various countries.

Rīga is the most often visited place in Latvia by foreign tourists. In 2004 Rīga was visited by 50% of all visitors. In 2004 in comparison with the year 2000, the number of tourists to Rīga increased by 32%. In 2004 Rīga was visited by more than 1 million visitors. Copenhagen was visited by 15 million tourists in 2004, but Stockholm by approximately 17 million. Besides, the number of business tourists visiting Rīga is increasing, it has increased by 15% reaching 350 000 business tourists in 2004. Copenhagen and Stockholm as business tourism destinations have been more attractive and the number of business tourists is even eight times higher.

Rīga is the largest centre of science and higher education in Latvia due to the fact that major scientific and research centres are concentrated there, and the number of students in higher education establishments of Rīga is 80% of all students. In comparison with other metropolis of the Baltic Sea region, the concentration of state scientific, research and education potential in Rīga is much higher.
• Rīga is the major cultural centre of Latvia due to the fact that major national cultural centres are located there and more often not only national, but also regional international cultural, sports and business events are organised there.

• In comparison with Stockholm and Copenhaven, the urban environment in Rīga City is presently not as attractive as in Copenhaven or Stockholm. The above is due to many aspects, for example: environment pollution, security, quality of public services infrastructure, as well as other aspects.

282. Taking into consideration the above, it can be concluded that the strong points and growth possibilities of Rīga as an international development centre are determined by its growing economy and tourism, science and research potential, vacant area, as well as the development of Rīga as an international transport junction.

283. Major factors hampering the international competitiveness of Rīga are its underdeveloped infrastructure, high inflation and low GDP in comparison with other metropolis of the Baltic Sea region.

284. According to the assessment of experts, the technical condition of the main streets in Rīga can be evaluated as good in 35% of cases, in 51% of cases as satisfactory, but in 14% of cases as poor. As the traffic intensity in streets of Rīga is 15 times higher than the average in the country, the lifetime of road surfacing built according to single standards and using the same technologies and materials is shorter than for motorways. There are 100 bridges, cross-overs and pedestrian tunnels in Rīga, 36 of them are in good condition, 46 in poor condition but 17 objects are in an unsatisfactory condition.76

285. When planning the development of the Rīga City as a development centre of international significance, it should be noted that Rīga is a significant centre maintaining the link between the Eastern market and the market of the EU and vice versa; thus, during the development, significant attention should be paid to the development of the transport and communications infrastructure, thereby increasing the significance of Rīga as the gateway-city of the Eastern part of Europe. Taking the above into consideration, it is important to modernise the transport infrastructure that would facilitate development of the city as a logistics and trade centre. At the same time it is important to be aware of the fact that the sphere of functional activities and the influence of Rīga stretches beyond its administrative borders, thus the development of Rīga is to be analysed in the context of the development of the Rīga agglomeration, as well as the development of Latvia and the Baltic Sea Region.

286. In 2004 the inflation rate was the highest during the last six years reaching 7.3%. Prices for goods increased by 7.8%, while the prices for services – by 6.1%. The comparatively high inflation rate has an adverse impact on the entrepreneurial environment due to the fact that both entrepreneurial planning and the credit liabilities are burdened.

287. The GDP per capita in Rīga is 1.4 times higher than the average in Latvia, but at the same time it is up to seven times less than in other cities of the Baltic Sea region. Although the GDP growth in the Rīga City starting from 1998 was more rapid than in Latvia in total, the GDP rate still lags behind the average GDP in capitals of the European Union. Low GDP rates prevent production of sufficient financial resources for the necessary investment.

76 Data of the Ministry of Transport
288. The main factors facilitating the international competitiveness of Rīga are its convenient geographical location with access to the sea, its location at the junction of the East-West transit corridor, its multicultural society as well as a developed Rīga City Development Plan.

289. The Rīga Passenger Port is a very convenient shipment hub both for traffic towards the Scandinavia and Western Europe. During the last eight years the cargo volume dispatched and received has almost tripled.

290. Development of Rīga as a development centre of international significance is facilitated by its convenient geographical location: it is located on the Baltic Sea, on the banks of the River Daugava between the vast Western and Eastern markets. In the future, the development of Rīga as a logistics and trade centre is to be facilitated and the role of Rīga as the gateway-city of Europe is to be increased contributing to modernisation and development of a transport and communications infrastructure.

291. The population in Rīga is multinational. Rīga is one of the few cities, where the majority of inhabitants have a good command of three languages (Latvian, Russian and English).

292. The Rīga Long-term Development Strategy to 2025 has been developed, as well as the Rīga Development Plan 2006-2018, consisting of the Development Programme (for 7 years) and the Spatial Plan (for 12 years). The Rīga Development Plan defines the main objectives and tasks to be reached in the long-term.

293. In order to strengthen the competitiveness of Rīga internationally, the following is to be done using the strengths and opportunities of Rīga:

- adjustment of the existing transport infrastructure, as well as creation of new transport systems;
- development of the economy based on the East-West linkage;
- transfer of the city administrative centre beyond its historic centre and making the Old Town more attractive to tourists;
- development of public and private partnership;
- promotion of development of small and medium sized enterprises;
- improvement of cooperation of other metropolis of the Baltic Sea region with Rīga;
- development of Rīga as one of the administrative centres of the European Union;
- development of business tourism;
- development of science, technologies and innovations;
- Promotion of the Rīga City image and improvement of the marketing strategy.
3. STRATEGY OF THE OPERATIONAL PROGRAMME „HUMAN RESOURCES AND EMPLOYMENT”

3.1. SWOT ANALYSIS OF THE OPERATIONAL PROGRAMME

294. The SWOT analysis (strengths, weaknesses, opportunities and threats) is a widely applied method that enables a concentrated layout of findings and conclusions reached while analysing the current situation.

295. The following SWOT analysis is organised in accordance with the framework of fund assistance covering the areas of support and the horizontal priorities, and it revises the principal issues, a part of which are specified as sub-themes 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.

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<th>Area</th>
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<th>Weaknesses</th>
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<td>• A high proportion of population in the</td>
<td>• The level of emigrations remains high</td>
<td>• The increasing government-funded benefits to</td>
<td>• An increase in emigration rates due to the removal of administrative barriers</td>
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<td>economically active age group</td>
<td>• The net natural rate of population growth</td>
<td>families with children will improve the demographic situation</td>
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<td>demonstrates a negative trend</td>
<td>• The return to Latvia of the emigrant labour force is expected as a result of the economic growth</td>
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<td>• The development of a national life-long learning</td>
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<td>• A highly-qualified labour force is available in specific</td>
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HR_operational_programme Consolidated3; Draft Operational Programme „Human Resources and Employment” 83
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<td>the labour force</td>
<td>sectors</td>
<td>▪ Mismatch of skills and qualifications with the current labour market requirements&lt;br&gt;▪ Entrepreneurs are not motivated to make investments in training their current and potential staff</td>
<td>strategy and its six regional counterparts will promote the quality and mobility of the labour force&lt;br&gt;▪ Employers are encouraged to provide qualification strengthening measures to their staff as a result of various national initiatives&lt;br&gt;▪ The competitiveness of unemployed persons and jobseekers is strengthened as a result of measures implemented by the State Employment Agency</td>
<td>costs become an advantage of short-term development</td>
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<td>- employment and unemployment</td>
<td>▪ High female employment rate&lt;br&gt;▪ A stable and sustainable system of social security, social assistance and social services</td>
<td>▪ A high proportion of the long-term unemployed&lt;br&gt;▪ A high youth unemployment ratio (15-24 year olds)&lt;br&gt;▪ A low self-employment rate, insufficient knowledge to start a business&lt;br&gt;▪ Undeclared employment&lt;br&gt;▪ Considerable social costs</td>
<td>▪ The development of social services as an alternative to those provided by state and municipal institutions&lt;br&gt;▪ An integrated approach to gender equality and age equality in all national policies&lt;br&gt;▪ The results and efficiency of active employment measures are improving thus</td>
<td>▪ Increasing social exclusion may result in growing numbers of children without primary education&lt;br&gt;▪ Substantial increase in the proportion of persons receiving social services and social care</td>
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| - education and training | - A developed network of higher and vocational education establishments  
- A high general educational level of the population | - No systematic analysis of the medium term economic demand for vocational and higher education  
- Limited capacity of the educational system due to ageing infrastructure, insufficient qualification strengthening and upskilling activity of the teaching staff, as well as ageing of the teaching staff | - Application of international (especially EU) experience and practices to improve the educational system  
- Increasing the quality of education in Latvia and improving its conformity to the labour market requirements by strengthening cooperation between educational institutions and employers | - Continued inability of the education system to align with the labour market needs and requirements |
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<td>- Insufficiently developed career counselling schemes for young people</td>
<td>and making investments in the development of the educational system of the country</td>
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<td>- Inefficient cooperation among vocational education establishments and employers</td>
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<td>- A low proportion of students of natural sciences, technology and health care in vocational and vocational higher education</td>
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<td>- Limited opportunities of life-long learning (continuing education), as well as limited educational opportunities for groups at risk of social exclusion, e.g., prisoners</td>
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<td>- Insufficient infrastructure and qualifications of the teaching staff to integrate students with special needs</td>
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<td>health care</td>
<td>- Successfully started reforms in the health care system</td>
<td>- Poor health of the general population</td>
<td>- Increasing awareness of the general population that a healthy lifestyle will result in higher quality of the labour force</td>
<td>- Increase in the direct payments by patients prevents providing timely health care services to a growing number of people in Latvia</td>
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<td>- The scientific potential of medicine</td>
<td>- Rapidly growing occupational diseases, a high proportion of accidents at work</td>
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<td>- Inadequate quality and unequal accessibility of primary, secondary and tertiary health care and emergency health care services</td>
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<td>- Insufficient emphasis on health promotion and preventive measures in the health care system</td>
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<td>- Reproductive health – a low priority in the context of improving the current demographic situation</td>
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<td>- A structural mismatch of the health care staff characteristics to the development needs of the</td>
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<td>Insufficient accessibility to health care services enjoyed by groups at risk of social exclusion</td>
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<td>Traditions of scientific activity</td>
<td>Obsolete scientific infrastructure</td>
<td>The development of culture of science management</td>
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<td>Insufficient cooperation between producer organisations and scientific institutions</td>
<td>Scientific infrastructure meets the R&amp;D needs of the private sector</td>
<td>The exodus of educated professionals and scientists to abroad</td>
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<td>Small number of patents</td>
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<td>Up-to-date reforms have been implemented in numerous areas of public administration</td>
<td>Insufficient professional qualifications of employees in the public administration system</td>
<td>A transfer to a medium-term planning scheme for the state budget.</td>
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<td>An effectively operating policy planning system has been established in public administration</td>
<td>A common system of human resource development and management has not been introduced in public administration</td>
<td>Establishing the EU initiatives and priorities in the area of public administration</td>
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<td>Improved and developed dialogue between the national and municipal level</td>
<td>Insufficiently coordinated continuing education schemes for staff of public</td>
<td>Participation in the public administration networks of the EU countries</td>
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<td>Established cooperation structures to interact with</td>
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<td>The exchange of experience with other countries and organisations in issues</td>
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<td>The migration of public sector employees to other sectors or countries</td>
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<td>The slow progress of the administrative-territorial reform and regional reform</td>
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<td>social partners; Intense activities of NGOs in regions</td>
<td>administration bodies</td>
<td>related to public administration.</td>
<td>Support of the EU and other cooperation partners aimed at improving the performance of public administration</td>
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<td>▪ Several e-government elements are well-developed in public administration</td>
<td>▪ No quality management system introduced</td>
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<td>▪ Shortcomings in the alignment of policy-making with long-term planning documents</td>
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<td>▪ Insufficient public participation in the processes of public administration</td>
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<td>▪ No comprehensive information available about the level of public satisfaction with public services</td>
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<td>▪ Regional and municipal administrations lack knowledge, skills and know-how in planning development</td>
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<td>▪ Social partnerships are underdeveloped</td>
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<td>Sustainable development</td>
<td>▪ High-quality, environmentally clean,</td>
<td>▪ Weak integration of the environmental policy in</td>
<td>▪ Prospecting new oil and gas deposits</td>
<td>▪ Lack of a strategy and assessment of technogenic</td>
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<td>Threats</td>
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<td></td>
<td>sparsely-populated environment</td>
<td>sectoral policies</td>
<td>A favourable environment for investment and rapidly accelerating private investment</td>
<td>risks</td>
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<tr>
<td></td>
<td>▪ Sufficient forest, land and water resources</td>
<td>▪ A considerable proportion of environmental infrastructure is incompliant with the EU requirements</td>
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<td>▪ Transboundary pollution</td>
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<td>▪ Preserved biodiversity</td>
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<tr>
<td>Macroeconomic stability</td>
<td>High GDP growth</td>
<td>Rapidly increasing inflation</td>
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<td>Risks of overheating the economy</td>
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<td>Low budget deficit</td>
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<td>Low public debt</td>
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<tr>
<td>Balanced territorial development</td>
<td>Even distribution of urban areas</td>
<td>Significant disparities in socioeconomic development trends observed comparing the capital city of Riga and the rest of Latvia, as well as among planning regions</td>
<td></td>
<td>Continued decrease in population in particular areas of the country</td>
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<td></td>
<td>Even distribution of transport infrastructure</td>
<td>▪ Disparities in the availability of services</td>
<td>▪ Establishment of regional governments with relevant functions and funding</td>
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<td></td>
<td>The favourable geographical location of the capital city of Riga</td>
<td>▪ Weak development of local centres (villages and towns)</td>
<td>▪ Rīga – the metropolis of the Baltic Sea region</td>
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<td></td>
<td></td>
<td>▪ The migration of human resources from rural areas to cities.</td>
<td>▪ Cooperation between Euroregions, transboundary cooperation</td>
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<td>▪ Low internal mobility of</td>
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<td>Area</td>
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<td>Weaknesses</td>
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</table>
| Equal opportunities  | ▪ A high female employment rate compared to the EU average  
▪ Improved legislation to ensure equal rights and opportunities                                                                                                                                         | ▪ Comparatively low public awareness of the role of various gender equality aspects in different areas  
▪ Environment that is not adapted to the needs and requirements of persons with functional disabilities (including education and employment) | ▪ Professionals of various backgrounds educated on gender equality issues and their role  
▪ Preconditions set for the implementation of an integrated approach towards gender equality (a mechanism created)  
▪ Active non-governmental organisations addressing issues related to disabled people and groups of population at risk of social exclusion  
▪ A coordinated, concerted and strategic approach to encourage social inclusion | ▪ Insufficient awareness of policy-makers of the need to apply an integrated approach towards gender equality  
▪ A growing share of the population at risk of social exclusion  
▪ Employers are not encouraged to recruit disabled people, ex-convicts and individuals of other groups at risk of social exclusion |
| Information society  | ▪ A stable growth rate in the IT sector  
▪ A high growth rate of Internet users  
▪ The development of information systems of the | ▪ Unevenly developed ICT infrastructure, limited availability of Internet access, especially to broadband networks  
▪ The limited range of e- | ▪ The availability and quality of ICT services are expected to improve as a result of increasing competition | ▪ The monopolisation of the electronic communications sector  
▪ Widening of the “digital gap” |
<table>
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<tr>
<th>Area</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
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</thead>
</table>
| **International competitiveness of Rīga** | - Together with its satellites, Riga is the largest city by population in the Baltic-Scandinavian region  
- Riga is an important crossing point of transportation routes and communications channels  
- Growing economy and tourism  
- A low unemployment rate  
- Spatial development opportunities  
- A large share of foreign investments is concentrated in Riga  
- Scientific and research | - Low GDP per capita  
- High inflation  
- Unattractive infrastructure  
- Absence of local energy sources | - Rīga as the central metropolis of the Baltic states  
- Rīga as a city of well-maintained and organised urban environment and public infrastructure  
- Rīga as a cultural, business and tourism centre  
- The development of services and production areas focussed on the international market  
- Commercialisation of results produced by applied sciences, innovations and the transfer of technology | - The development of international transport corridors bypassing Riga  
- Emigration of the skilled labour force  
- The decreasing role of geographic advantages to due to technological developments  
- Overheating economy  
- Deteriorating conditions in the field of foreign policy |
| main national registers has been completed  
- Active development of e-commerce | government services is a disincentive for the promotion of the information society  
- Shortage of ICT skills of those to become part of the information society processes |
<table>
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<tr>
<th>Area</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
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<td></td>
<td>potential is concentrated in Riga</td>
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<td>A centre attractive to foreign investment</td>
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<td></td>
<td>• Rīga is a port city</td>
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<td>• Multicultural environment</td>
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<td></td>
<td>• Recreation potential</td>
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</table>
3.2. STRATEGY DESCRIPTION

296. The task of the OP strategy is to define the absorption objectives and priorities of the ESF funded programmes for the programming period of 2007-2013. The strategy is based on the main principles and guidelines of the Community Strategic Guidelines for Cohesion (CSG), National Development Plan 2007-2013 (NDP), Lisbon National Reform Programme of Latvia (LNRPL), and the Single Strategy for the National Economy (SSNE).

297. The OP strategy covers only those priorities that will be implemented through attracting the ESF co-finance. However, the implementation of the strategy must not be viewed separately from the overall national development policy and measures identified for implementation under the remaining two Operational Programmes co-financed by Structural Funds and the Cohesion Fund, and measures completed 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, legislation, or administration. The above measures are detailed in the NDP, LNRPL, SSNE and other policy planning documents.

298. The SWOT analysis has identified a range of challenges and development problems in the field of human resources. Latvia will have to pay due regard to unfavourable demographic conditions, comparatively high unemployment rate and risks of social exclusion that demonstrate a range of current or future problems of human capital. The country might face a particularly high risk to sustainable economic growth due to labour shortages driven by both demographic trends and emigration of labour force to other EU countries. Labour market trends suggest that the labour force is not ready to work for salaries typically offered to low-skilled labourers. At the same time, this labour force lacks 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 predominantly caused by shortcomings and deficiencies in the education system. The quality of education, skills shortages and scarce opportunities to improve knowledge present an additional risk for the restructuring of the national economy as it shifts from labour-intensive to knowledge-based and capital-intensive sectors. The poor public health conditions also present a potential threat to the overall quality of human resources. The strategic task of the OP is to identify the focus areas for the ESF investment that would encourage solutions to the problems detailed above.

Main principles for the Strategy

299. Continuity – by commencing the implementation of the European Social Fund in 2004, Latvia has set achievable medium-term and long-term objectives, as well as a range of priorities that are detailed in the Single Programming Document (SPD) for the financing period of 2004 – 2006. The ESF interventions have to continue the commenced investment effort in areas where the set restructuring goals have not been accomplished yet. The ESF assistance for the period of 2007 – 2013 must function as logical continuation of investments already made or being made during the OP drafting phase, furthermore, the assistance has to be based on experience and results of the 2004 – 2006 period.

300. 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.

301. A strategic approach to the absorption of the EU funds may be ensured only on the condition that the principle of concentration is observed. Although the financial assistance of the EU made available to Latvia is substantial, it is still aimed at providing co-finance to national financial contributions committed to address development 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 both financial resources and administrative capacity, and time resources for the period of 2007 – 2013 are limited, hence the inevitable requirement to select a specific number of key measures for assistance where the potential of achieving the set development goals is the highest.

302. Additionality – the ESF investments for national development may not substitute national investment efforts financed from the state budget up to the current period. The ESF 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 ESF resources.

**Single Strategy for the Absorption of the EU Funds**

303. A single Strategy for the Absorption of the EU funds (Structural Funds and the Cohesion Fund) is defined in the National Strategic Reference Framework (NSRF). The task of the EU funds assistance in the period of 2007 – 2013 is to facilitate faster economic growth of the country, approaching the average level of welfare in the EU member states. This aim shall be measured as the desire to reach the average per capita level of gross domestic product (GDP) of the EU member states. In order to achieve this level, Latvia has set the following attainable results for implementation of the Lisbon National Reform Programme of Latvia (LNRPL) and also EU funds in 2007 – 2013:

- To maintain a consistent annual GDP growth at 6-8% ;
- To increase the employment rate to 67%, including female employment rate up to 62% and the employment rate of older people – up to 50%;
- To reduce the long-term unemployment rate to 3.8% of the total of economically active population;
- To reach 1.5% of GDP for domestic spending on research and development;
- To achieve a basic secondary education level for 85% of 20-24 year olds;
- To achieve at least 53% of the EU average productivity rate (GDP in PPS per employed person).

304. For Latvia to attain the development level of the rest of the EU through the fund assistance, it will implement the National Development Strategy defined by the Government in the National Development Plan (hereinafter – the NDP). The Development Strategy of the NDP emphasises an educated, creative and ambitious
individual, and sets the development of an economy based on education, science and competitive businesses as the main goal. Therefore, EU funds aid in 2007 – 2013 will primarily be focussed on education, technological excellence and the flexibility of companies, as well as the development of science and research, thus facilitating the development of a knowledge-based economy in the country. In addition to the above strategic goal it is essential to strengthen other preconditions for sustainable economic growth and life of individuals in general.

305. In order to achieve the aforementioned overall goal, the investments of EU funds have been planned according to three thematic axes:

- development and efficient use of human resources,
- strengthening competitiveness and progress towards a knowledge-based economy,
- improvements in public services and infrastructure as a precondition for balanced territorial (regional) and national development.

306. Along with these three thematic axes, horizontal priorities are also important in the absorption of SF and the CF – balanced territorial development, international competitiveness of Riga, ensuring macro-economic stability, equal opportunities, sustainable development, as well as the development of an information society.

307. Investments of the OP „Human Resources and Employment” are predominantly related to Thematic axis I „Development and efficient use of human resources”, however, complementarity to the second and third axis is of equal importance to leverage the OPs funded by the ERDF and the CF.

**Strategic Goals of the OP**

308. 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 individual as a priority that is based on the following actions:

- 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.

309. Whereas economic development faces labour shortages and 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.

310. 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. The improvement of educational quality requires SF assistance to curricular improvements, infrastructure, aids and technical supplies (teaching aids, equipment, devices), building capacity and strengthening qualifications of educators, in particular, reinvigorating the staff of academic and applied science. It is critical for both the development of higher education and the strengthening of scientific potential, and efficient transfer of knowledge to have a sufficient number of highly skilled professionals and staff members, therefore the ESF funding will be channelled to reduce emigration of specialists, encourage their return, as well as attract additional human resources from abroad. ESF investments in human capital are of particular importance to those sectors of Latvian economy that have developed a certain growth potential and are capable of providing services and products that are competitive on the global arena. Such “invention sectors” of Latvia as biochemistry, gene engineering, MHD metallurgy can be singled out as prospective fields of science. Furthermore, in the entrepreneurial sector the following prospective cooperation areas or clusters can be singled out – wood processing, chemical industry (pharmaceutical industry), metal processing, transport and logistics, communications (information and communication services). Of the sectors of Latvian economy, those characterised by low consumption of natural resources and based on intellectual property are regarded as to most promising and prospective. As for education and science, 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. In order to stimulate the development of the whole territory of the country, human capital development centres outside the city of Rīga should be strengthened.

311. 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 can be achieved by fostering retraining and continuing education, providing support to upskilling staff members of companies in various training programmes and courses. To increase productivity at work and economic activity of the population, the SF assistance is important also in areas such as educational and motivational measures, training and financial support for business start-ups. In this area, support for strengthening competitiveness (Thematic axis 2) and investments in human capital must be mutually coordinated and complementary to each other.

312. The goal 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 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 of the NSRF strategy) must be granted to the main institutions rendering employment and social services, in order to improve their efficiency.

313. 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 of and the accessibility to health protection services, costs and damages incurred by the country’s labour force and human resources in general due to health-related problems would be gradually decreased. 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.

314. The capacity of national, regional, municipal and local public administration to elaborate, implement, monitor and evaluate sectoral and spatial development policies is a critical precondition for the national development. Consequently, it is important to leverage the administrative capacity building process through the SF assistance invested in the human capital of public administration. For the programming period of 2007-2013, 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 territories reform.

**Interrelation of OP with Horizontal Priorities in NSRF**

315. **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. Task of the ESF OP is to stimulate balanced territorial development by encouraging the formation of high-quality education and competence centres at the regional level, as well as paying special attention to employment and social inclusion issues in areas suffering from high unemployment rates.

316. International competitiveness of Rīga – a strong position of Rīga as a centre of excellence in business, research and culture in the Baltic Sea region is a critical factor for a rapid growth of the whole country. Strengthening the economic potential and international competitiveness of the capital city, as well as transferring the effects of the city’s growth to the rest of the country are also the tasks of investments from the EU funds. The ESF OP will put a particular emphasis on strengthening the role of Rīga as an educational and scientific centre of international importance.

317. **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, EU fund 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 ESF OP investments play a crucial role in addressing threats to sustainable economic development driven by potential labour shortages.
318. *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 EU fund interventions. Both through specific activities and bespoke project selection criteria, the ESF OP will address the issue of equal opportunities in the labour market and will encourage inclusion in the labour market regardless of health- or age-related or other factors.

319. *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. A task of the ESF OP is to encourage utilisation of ICT in education processes and inclusive labour market development by averting the risk of a potential „digital gap”, in particular, in groups at risk of social exclusion, as well as to strengthen ICT skills of the population.

**Link between the OP Strategy and Priorities**

320. In order to achieve the previously mentioned strategic aims and simultaneously ensure efficient management of the ESF, the Operational Programme has proposed the following priorities:

321. *Improving the quality of education and the development of science.* The priority is aimed at improving the quality of education to enable training of skilled, knowledgeable labour force matching the requirements of the labour market, provide educational opportunities to all groups of the population, as well as to strengthen human resource potential for science and research.

322. *Promotion of employment and public health measures.* The priority is aimed at strengthening successful inclusion in the labour market by providing the necessary skills through active employment measures, stimulating security and equality in the labour market, as well as improving health conditions of the labour force.

323. *Promotion of social inclusion.* The priority is aimed at reducing the risks of poverty and social exclusion by stimulating social inclusion measures and the development of an inclusive labour market.

324. *Administrative capacity building.* The priority is aimed at strengthening the capacity of public administration bodies, increasing their efficiency and contribution to the national economy and social development, as well as encouraging cooperation between public administration bodies, social partners and NGOs in developing and implementing better policies aimed at the needs of society.

325. *Technical assistance.* The priority will fund programme management functions.

326. Within the framework of every priority of the OP, measures and activities will be supported in compliance with the support areas permitted in the regulations and the strategy outlined herein. In implementing each of the priorities, achievement of the horizontal priorities must be ensured. Compliance to and implementation of the horizontal priorities are achieved by foreseeing, special activities focussed on a particular horizontal priority in each measure, developing specific project selection criteria, as well as ensuring monitoring of result indicators of the achievement of horizontal objectives.
4. PRIORITY AND MEASURES

Priority 1 “Improving Quality of Education and Development of Science”

327. Primary objective of the priority is to improve the quality of education. Quality education will ensure knowledgeable and skilful labour according to labour market needs. Improved education quality shall also allow for further education of all social groups and strengthening of human resource potential in science and research.

Justification

328. The analysis of the current situation identifies the strengths, weaknesses, threats and opportunities of investments in this priority.

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<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td>• Nation-wide higher education and vocational education network</td>
<td>• Skills and qualification of labour do not match market needs</td>
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<tr>
<td>• General education level of population is decent, which means that</td>
<td>• Lack of systematic analysis of mid-term economic demand to vocational</td>
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<tr>
<td>inhabitants are interested in education</td>
<td>and higher education</td>
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<tr>
<td>• Internationally acknowledged inventions and patents in medical chemistry</td>
<td>• Young people are not profession-oriented</td>
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<tr>
<td>and genetic engineering</td>
<td>• Cooperation between vocational education institutions and employers is</td>
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<tr>
<td>• Successful participation of scientific institutes in EU FP and other</td>
<td>ineffective</td>
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<tr>
<td>international cooperation projects</td>
<td>• Limited life-long learning (further education) possibilities</td>
</tr>
<tr>
<td>• Scientific institutes have been granted EU Centre of Excellence status</td>
<td>• Academic staff has insufficient qualification to work with individuals</td>
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<tr>
<td>• Scientific research traditions</td>
<td>with special needs</td>
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<tr>
<td>• Successful cooperation between scientific and research bodies with</td>
<td>• Low demand for education in technology and natural science study</td>
</tr>
<tr>
<td>wood-processing, pharmacy, IT and material science</td>
<td>programmes</td>
</tr>
<tr>
<td>• Skills and qualification of labour do not match market needs</td>
<td>• High long-term and youth unemployment indicators</td>
</tr>
<tr>
<td>• Lack of systematic analysis of mid-term economic demand to vocational</td>
<td>• Labour shortages in science, research and development areas, negative</td>
</tr>
<tr>
<td>and higher education</td>
<td>labour age trends and disproportion between higher education and private</td>
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<tr>
<td>• Young people are not profession-oriented</td>
<td>sector</td>
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<td>• Cooperation between vocational education institutions and employers is</td>
<td>• Insufficient cooperation between industries and researchers</td>
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<td>ineffective</td>
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<td>sector</td>
<td></td>
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<tr>
<td>• Insufficient cooperation between industries and researchers</td>
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Opportunities                                                                 | Threats                                                                 |
| • Improved higher and vocational                                          | • Negative demographic trends and                                         |
329. The main development potential of Latvia is knowledge, creativity, innovation and ability to apply these to attain economic and social objectives. To ensure sustainable economic development, investments in human capital have to be made by way of increasing quality and access to education and attracting qualified human resource in higher education, science and research.

Objective

330. The core objective of the priority is to ensure education of knowledgeable, skilful labour matching labour market demand and further education of all social groups, thus strengthening the human resource capacity in science and research.

Measures

331. Priority consists of three measures. Scientific and research potential development measure aims at promotion of intellectual potential in science to, Firstly, create new scientific workplaces and re-attract or attract scientists who have migrated to other countries and new scientists. Secondly, promote involvement of scientific staff in project management, especially in projects benefiting to integration of science and manufacturing, and practical application of research results. And thirdly, to support international cooperation initiatives of scientific institutes. Higher education development measure aims at improving the quality of education and matching supply to market demand. Activities of this measure are aimed at improving contents of higher education study programmes and their adapting to market needs. Measure also includes professional training of academic personnel and development of master study programmes for sectors playing vital role in national development. Professional education, life-long learning and all-inclusive education development measure aims at supporting upgrading of professional education, while, at the same time, promoting collaboration between stakeholders. Improvement of general education in most vital development sectors and access to education for social exclusion risk groups. And life-long learning development.
Synergy

332. Priority is coherent with ERDF funded operational programme for science and innovation development *Entrepreneurship and Innovation*, as well as ERDF financed operational programme for development of higher, vocational and general education infrastructure *Infrastructure and Services*, thus offering aimful, comprehensive and complimentary assistance.

Indicators

333. Outcome:
- Number of supported applied research projects - 150;
- Number of created workplaces - 300;
- Number of supported international cooperation initiatives - 100;
- Number of improved (higher, professional and general) education programmes - 150;
- Number of persons engaged in life-long learning (by gender and age) – 5 000;
- Number of young people re-commencing education after early drop-out and long-time disruption (by gender and age) – 5 000.

334. Results:
- Increase of scientific personnel by 10% (2004 base value – 3324);
- Increase of students in programs playing vital role in national development by 5% (2004 base value – 5.2%);
- Decrease of number of unskilled graduates of secondary education establishments to 2% (2004 base value – 27.18%);
- Decrease of number of unskilled graduates of vocational schools to 25% (2004 base value – 49.48%);
- Increase of practicing doctors of 25-35 year age to 32% (2005 base values – 11.5%).

Measure 1.1 “Development of Scientific and Research Potential”

Introduction

335. The main elements in development potential of Latvia are knowledge, creativity, innovation and ability to apply these to attain personal objectives. This is why Latvia should pursue the development path that is human resource-oriented and based. Our most valuable resource is new knowledge and their rational and aimful application to ensure social welfare and personal well-being characteristic to developed countries. Community Strategic Guidelines are revolving around the main priority – development of knowledge-based economy and strengthening of R&D capacity. Whereas, according to Lisbon National Reform Programme of Latvia, science and research development is a precondition of economic development and competitiveness, and welfare.

Objective of the Measure
336. Specific objective of the measure is to develop R&D potential necessary to attract highly-qualified specialists to scientific research.

**Description**

337. As regards to R&D development, Latvia is in one of last places in Europe in terms of state investments per gross domestic product (GDP), private investments, number of researchers, scientific publications, patented inventions and other criterion. This may be explained by labour shortages in science and few research contracts with local and foreign businesses.

338. Therefore this measure is part of programme to assist interdisciplinary researches in priority areas, emphasising human resource deficiency solutions as part of overall development of science. Regional R&D activities will also be supported to integrate highly-qualified specialists in labour market, at the same time promoting employment and growth in the region.

339. The main cause for labour shortages in scientific sector is low wage and lack of adequate legislation. Employment in R&D has dropped four time since 1991 – number of full-time employees in R&D sector amounted to 3 324 in 2004. The share of young scientists in overall scientific structure has also decreased. Number of doctors is small, especially in natural sciences and engineering. Number of researchers per 1 000 in 2003 reached 3.01, which is significantly lower than in other EU countries – EU average is 5.4, Finland has 16.2 and Sweden 10.2 researchers per 1 000 capita (European Commission, Key Figures 2005).

340. Latvian researchers and institutions are active participants of EU Framework Programmes (FPs). In 1999, when 5th EU Framework Programme was launched, Latvia submitted 667 project proposals, of which 178 project received EU co-financing. Joint effort of Latvian researches resulted in absorption of grants the double of country’s contribution to Programme budget. 6th Framework Programme became operational in 2006, and, despite increase in number of project proposals, number of approved projects has decreased for 50% and has left Latvia well behind other member states. Successful participation in EU Framework Programmes requires establishing of closer links with international research groups and companies, as well as additional networking efforts. This measure will support Latvia’s participation in international scientific and innovation cooperation networks, making country competitive and ready to make contribution within 7th Framework Programme of next programming period (2007 – 2013). Additional assistance measures have to be implemented to introduce international scientific and industry community with success stories of Latvian scientists at various trade fairs and exhibitions. This step is integral to promote increase of foreign investment in Latvia’s scientific sector.
Target groups

341. Measure is targeted at researchers and research institutions, including universities and other higher education service providers.

Planning Framework

342. Science and innovation development is covered by a number of EU and National policy documents:

- National Strategic Reference Framework (NSRF) for 2007 – 2013. NSRF points out that full use and further development of Latvia’s R&D potential is impossible without financing from structural funds. These funds will be used for supporting research centres and sectors having distinct researching and development capacities of international level.
- Scientific Developments’ Law which stipulates that state should support science as one of the main drivers for social development and increase R&D investments to 1% of GDP, as well as promote international cooperation.
- Lisbon National Reform Programme of Latvia for 2005 – 2008, which emphasises the role of R&D and enterprise development in economic growth. And concludes that innovation system is too weak to ensure competitiveness of the country.
- Long-term concept Latvia’s Development Model: People First, adopted on October 26, 2005, which presents a people-centered development model for Latvia. The main resources for development are the people’s knowledge and skills and their ability to use them.

Previous Assistance

343. Ministry of Education and Science is implementing market-oriented research programme launched in 1993. The objective of the programme is to promote practical application of research products for industrial needs, development of technology-based companies, technically-oriented SMEs, improvement of quality systems and creation of new workplaces for qualified labour.

344. Latvia is participating in EU framework programmes since 1999. 178 projects were approved at the time, in scope of FP5. FP6 was launched in 2002.

345. EU structural funds became available in 2004, and 25 000 000 euros have been absorbed over 2004-2006 period. National Programme Support to Modernisation of Scientific Infrastructure in State Research Institutes was approved on June 17, 2004 and 15 800 000 euro investments were committed to development of science in Latvia. The remaining funding – 9 200 000 euros – will be absorbed over 2006 – 2008 period to implement applied research projects that were awarded funding after open tender completed in 2005.
Synergy

346. R&D development measures will promote implementation of NSRF Strategic Axis 2 *Knowledge and Competitiveness*. Activity is coherent with OP *Entrepreneurship, Innovations, Science and Research*, Measure *Development of Science and Research Capacities and Infrastructure*. Support of applied researches and development of scientific and research potential will promote innovations and their practical application, as well as sustainable economic development.

347. The third aim of scientific and research development is to attract highly-qualified labour to research activities, which, in turn, shall have positive impact on ERDF funded measures for modernization of scientific and research infrastructure (Strategic Axis 2), and have synergy between these measures. Improvement of scientific and research infrastructure in universities, research institutes will promote development of human resources and have synergy with PhD programmes and post-graduate research initiatives.

**Consistence with Horizontal Priorities**

*Balanced Territorial Development*

348. Ensuring of resource concentration and return on investments requires support of research institutions having international competitiveness, as well as better research base and human resource supply to research institutions outside Rīga. The activity will, generally, contribute to competitiveness of regions, attract human resources to regions and state research institutions and help restructure labour pool. Project selection criteria will be based on regional benefits. Research institutions located outside Rīga will be given a priority status (additional evaluation points).

*Macroeconomic stability*

349. The key objective of the activity is to promote knowledge-based economy, thus increase number of innovative companies, export volumes and ensure positive foreign trade balance.

*Sustainable development*

350. Investment activities shall have no impact on environment.

*Equal opportunities*

351. Evaluation criteria will be based on coherence with horizontal priorities, preference will be given to projects with link to horizontal priorities (additional points awarded). Criteria presumes gender equality in implementation of projects.

*Information Society*

352. Activity involves extensive use of ICT and information campaigns with publications in newspapers and on Internet.

*International competitiveness of Rīga*

353. Majority of target groups are located in Rīga, thus Rīga will develop as main education and science centre of the country and become an international development centre.
Activities

354. Activity 1 – Support to International Scientific Networks and Cooperation

355. Objective: Support development and strengthening of international cooperation by state research institutes by way of participating in international trade fairs and exhibitions. Promote the image of Latvian science in EU and elsewhere in the world.

356. Target group: state research institutes (research units, universities and other institutions engaged in research activities and listed in research institution register).

357. Activity 2 – Attraction of Human Resources to Science

358. Objective: Promote development of intellectual potential by means of creating new workplaces, promoting involvement of researchers in projects and their management, supporting return of Latvian scientists to work in Latvia and attracting foreign researchers to work in science and research sectors of the country.

359. Target groups: state research institutes (research units, universities and other institutions engaged in research activities and listed in research institution register).

360. Activity 3 – Reinforcing Motivation for Scientific Activities

361. Objective: Raise public awareness of scientific breakthroughs and their value to society, innovations and their development potential, including value to businesses, hence encouraging young people and businesses to get engaged in research, development of innovations and their practical application.

362. Target group: students, companies and start-ups, employers and professional associations, municipality and state institutions.

State Aid

363. State aid is planned within the framework of the measure.
Measure 1.2 “Development of Tertiary (Higher) Education”

Introduction

364. Latvia does not have natural wealth that could be exploited as a primary resource for the country’s development in the long term. Another advantage – relatively low-cost labour – has already lost its validity and it cannot be used as a resource for further growth of the national economy. National development and prosperity can only be ensured through sound administration of the State by progressing towards a knowledge-based society and developing an appropriate education system. Unlike many countries with several options for their development, our country does not have any alternative and further hesitation might lead to irreversible consequences. The above opportunities and consequences are highlighted in the long-term concept paper „Latvia’s Development Model: People First” approved by the Saeima (the Parliament) on 26.10.2005, in the Lisbon National Reform Programme of Latvia and the Draft National Development Plan for 2007-2013.

365. The Latvian education system has undergone substantial improvement and become a part of the European education space. The education policies of Latvia are aimed at providing up-to-date and high-quality education, meeting the requirements of the national and global labour markets, as well as regional economic and social needs, with special particular on the fact that tertiary education is the principal tool for ensuring a highly-qualified workforce needed for the development of research and national economy, and innovative entrepreneurship.

Objective of the Measure

366. The measure is aimed at improving the quality of tertiary education and preparing highly-qualified specialists in order to promote the preparation of an educated and skilled workforce needed for the development of the national economy.

Justification and Description of the Measure

367. At the beginning of the academic year of 2004/2005, in Latvia the number of higher education students per 10000 population was 556 students which was the second highest ratio in the world. In comparison, in Lithuania the ratio is 530, in Estonia – 490 and in the European Union (hereinafter – the EU), the average is 371 students.

368. However, the positive trend – a high number of students – has not been supported by an adequate strategy for allocation of public funds: 77% of students study at their own expense. The main part of students who pay for their studies choose social sciences. This has resulted in an inadequate proportion of students studying natural sciences, engineering and technologies, environmental sciences and medicine, when compared with social sciences, creating an unfavourable situation for national development. By now, hardly any investments have been provided for the development of higher education establishments and their study programmes due to funding deficiency for tertiary education (% of gross domestic product). The EU average – 1.5% of gross domestic product – is also insufficient for attaining the objectives of the Lisbon Strategy, when compared with the countries with the best education systems – Canada (2.5%), Korea (2.6%) and the USA (2.7%).
369. Latvia has a low number of students of natural sciences, engineering and technologies, and environmental sciences (the proportion in Latvia is 5.2% of the total number of students, the EU average – 11.8%). Due to the increasing number of old people, a shortage of medical personnel and social workers is experienced. Development is impeded by a shortage of highly-qualified specialists, in particular doctors of sciences, which actually means that there is a critically low number of people who are able to develop high-added value products, including high-technology products. A low level of entrepreneurship skills in formal education reduces self-employment opportunities for graduate students and use of their initiative for the needs of the national economy. The age structure of academic staff is still worsening, and the proportion of academic staff with a scientific degree is also decreasing (in 2004 – 64%, in 2005 – 50%).

370. It is necessary to develop tertiary education opportunities in regions in order to encourage the participation of the economically active population in the labour market, promote entrepreneurship and regional development.

371. Insufficient cooperation between higher education establishments and employers concerning the determination of education and training needs for various industries, contents of education programmes, internship and practical training, as well as examinations, reduce the chances of ensuring alignment of the skills obtained in formal education with the needs of the fast-growing economy.

372. In order to enhance productivity and development of innovative industries, it is necessary to improve the quality of tertiary education and its correspondence to needs by educating an increased number of highly-qualified specialists and by enhancing the capacity of tertiary education to educate a workforce that meets the future needs of the economy.

373. In order to ensure concentration of resources and investment efficiency, it is planned to provide aid to the higher education establishments showing their competitiveness within the international academic environment – universities and university colleges providing study programmes in the priority areas – natural sciences, information technologies, engineering sciences, production, processing, health care, environmental sciences, etc. At the same time, in view of the economic development trends in the regions, it is necessary to provide aid to the development of new study programmes in the priority areas, in particular in regional higher education establishments. As the creative potential of higher education establishments is not used in an efficient way, assistance is needed in the areas that would promote the development of a competitive creative industry and strengthen the creative potential of higher education establishments.

**Target Groups of the Measure**

374. The target groups of the measure are higher education establishments, higher education students, master’s degree students and doctor’s degree students, academic staff of higher education establishments, teachers, organisations of social partners and professional organisations, as well as employers.

**Framework of Planning Documents**

375. The National Strategic Reference Framework (hereinafter – the NSRF) for 2007-2013 indicates the following main key problems impeding preparation of educated and skilled workforce:
• Obsolete infrastructure and equipment of vocational and tertiary education, studies and research;
• Lack of clearly defined medium-term demands of the national economy with regard to vocational and tertiary education, insufficient social dialogue at the level of regions and industries, weak cooperation between educational establishments and employers;
• The structure of students and specialists being unfavourable for development of the national economy – more than a half of all students study social sciences and the country experiences a lack of specialists in natural sciences and engineering;
• Shortage and ageing of academic staff and teachers.

376. In addition, the policies for the promotion of employment and investment in human resources have been defined in the following main documents:
• The long-term concept paper „Latvia’s Development Model: People First” approved by the Saeima on 26.10.2005;
• The National Development Plan for 2007-2013;
• Latvia’s National Action Plan for Fighting Poverty and Social Exclusion;
• Lisbon National Reform Programme of Latvia;
• Education Development Concept Paper 2006-2009;
• Guidelines for Development of Higher Education, Research and Technologies for 2002-2010;
• Policy Guidelines on Disability and Reducing its Consequences for 2005-2015;
• Guidelines „Human Resources Development in Health Care”.

377. In the planning period of 2004-2006 of the EU Structural Funds, the funding available from the European Social Fund for the development of education, amounts to 67.13 mln euros. Within the measure „Development of education and continuing education”, 36.26 mln EUR of the above sum will be allocated to the development of tertiary education.

378. The activities within the measure „Development of tertiary education” are closely interlinked with the measures „Development of the innovation and research potential” and „Promotion of entrepreneurship” of the Operational Programme „Entrepreneurship and Innovations” by promoting the preparation of highly-qualified specialists for various sectors of the national economy, thus, fostering the creation of high added value products.

379. The activities planned within the measure are closely interlinked with the measure „Tertiary education infrastructure” of the Operational Programme „Infrastructure and Services” under which it is planned to reconstruct/modernise the assisted higher education establishments and to improve their premises and ensure up-to-date equipment.

380. In general, the measure will contribute to the enhancement of competitiveness of the regions by ensuring preparation of qualified specialists for the regions and the whole country, and by promoting restructuring of workforce. Assistance will be provided to
competitive higher education establishments (universities and university colleges) in the development centres of national, regional and, on some occasions, local importance, throughout the planning regions. Preference (additional points in project assessment) will be given to those higher education establishments which are located outside Riga. When granting assistance to master’s degree or doctor’s degree study programmes, the funding quota available for a region will be determined in view of the number of students in the priority areas, the territorial development index and correspondence of the curricula to the economic development trends in the region.

Macroeconomic development

381. Generally, the measure is not directly aimed at providing macroeconomic stability, however, its activities will contribute to the promotion of macroeconomic stability. The activities within the measure are aimed at improving the quality of tertiary education and its correspondence to needs, and at preparing an educated and skilled workforce in order to foster the development of the national economy.

382. Assistance will be provided to the productive areas that will contribute to the national economy in the medium and long term (for instance, the priority in tertiary education will be the areas of special importance for the national economy – natural sciences, information technologies, engineering sciences, production and construction, environmental protection, etc.). Preparation of highly-qualified professionals, who are able to plan and develop high-technology products and high added value products, and to introduce them in production, will also promote the development of the national economy and investment-based and creative industries.

383. Within several activities it is planned to ensure increased involvement of entrepreneurs and industry specialists in the study process and internship that could also promote private sector investments.

Equal opportunities

384. The measure will indirectly promote the provision of equal opportunities. The priority areas of university studies within the 1st and 2nd activity of the measure will promote changing gender proportions in favour of women as the number of students studying social sciences mainly represented by women will be reduced and, consequently, the number of students of natural sciences, mathematics, information technologies and engineering sciences will increase. Information on how the respective activities have contributed to ensuring equal opportunities will be obtained by means of annual statistical reports of higher education establishments.

Sustainable development

385. Generally, the measure is not aimed at ensuring sustainable development as it is not directly linked to the environment. However, within the measure a number of activities are planned in the area of vocational and tertiary education in order to prepare environmental specialists.

Information society

386. The measure will promote the development of an information society by a number of relevant activities:

- Promotion of the usage of e-environment and e-resources of the study environment in tertiary education;
• Development of the availability of e-study options.

International competitiveness of Rīga

387. Assistance provided within the measure will also strengthen international competitiveness of Rīga as a business, research and cultural metropolis of the Baltic Sea region.

Activities

388. Activity 1. Aid to Doctor’s and Master’s study programmes.

389. Objective: to increase the number of educated, skilled and creative people needed for national development – specialists of the highest level in all areas of education, in particular in natural sciences, mathematics, information technologies, engineering sciences, medicine, environmental sciences and creative industries, who are able to plan and develop high-technology products and high added value products and services, and to introduce them in production, thus, contributing to the innovation-based development of the national economy, innovative industries and education.

390. Target groups: higher education establishments, academic staff, Doctor’s degree students, master’s degree students.

391. Activity 2: Aid to improvement and implementation of tertiary education study programmes.

392. Objective: to improve the contents and implementation quality of study programmes of natural sciences, mathematics, information technologies, engineering sciences, medicine, environmental sciences and other priority areas essential for the development of the national economy by modernising the available study resources, aligning professional knowledge and skills of students with the practical working conditions in the respective area/industry, improving cooperation between employers and professional organisations, promoting development of entrepreneurship- and innovation-oriented courses and their inclusion in the education and training programmes, as well as to strengthen linking the study process with enterprises (business companies) representing the respective industry, to ensure correspondence of the contents and tasks of vocational education study programmes to the actual labour market needs by performing education and training activities together with company specialists in real-life conditions.

393. Target groups: higher education establishments, academic staff, higher education students, employers and professional organisations.

394. Activity 3. Upskilling academic staff of higher education establishments.

395. Objective: to ensure upskilling opportunities for academic staff of higher education establishments, including university colleges, in order to ensure that qualification of academic staff meets the modern requirements of education and labour market.

396. Target groups: academic staff of higher education establishments, including university colleges, partnerships of training centres of enterprises (business companies) and educational establishments, employers and professional organisations.
Measure 1.3 “Development of Vocational Education, Lifelong Learning and Inclusive Education”

Introduction

397. The Latvian education system has undergone substantial improvement and become a part of the European education space. The Latvian education policies are aimed at ensuring up-to-date and high-quality education meeting the requirements of the local and global labour markets, as well as the needs of economic and social development of the regions, by placing particular emphasis on the fact that vocational education and lifelong learning provide opportunities for people of any age to obtain knowledge, skills and qualification ensuring preparation of a competitive workforce for various industries.

398. Formal education, informal and everyday learning ensure additionality and contribute to enriching the learning culture of the society. Lifelong learning ensures opportunities for further education, upskilling and maintaining a strong position on the labour market by enhancing personal motivation, the level of enterprising behaviour, adaptability and contribution to the development of the national economy. General skills form the basis for continuing education and upskilling, therefore, it is an essential component in the educating and training of qualified and skilled workforce. Professional career counselling help in making individual choices for continued education or profession in line with the needs of the society. In mobilising labour resources, special attention should be paid to the social exclusion risk groups by promoting availability of the education methods appropriate for them.

Objective of the Measure

399. The objective of the measure is to enhance quality of vocational education and the acquisition of general skills, as well as to improve availability of lifelong learning, including its availability to the groups at risk of social exclusion, in order to promote the preparation of educated and skilled workforce for the needs of the national economy and to reduce the risk of unemployment, in cooperation with professional organisations and social partners.

Justification and Description of the Measure

400. Preparation of qualified specialists for various industries of the national economy is impeded by the disproportion in choice for general education and vocational education after primary education (only 29.6% of the students graduating primary education schools chose vocational education programmes, CSB, 2005). The lack of capacity of vocational education establishments to provide modern education reduce their prestige and attraction. Insufficient cooperation between vocational education establishments, employers, professional organisations, businesses (business companies) and social partners at the regional level in developing education programmes, providing internships and upskilling of vocational education teachers reduce opportunities for graduates of vocational education establishments to integrate themselves into the regional labour market. There is also a lack of systematic labour market research and forecasts of medium-term needs (including skills). Meanwhile, rapidly growing industries experience shortages of workforce, or potential employees are not skilled appropriately. Graduates of vocational education establishments are not
supported and provided with such motivation mechanisms that would promote self-employment and involvement in entrepreneurship.

401. Currently, considerable economic and social disparities are observed in Latvia’s regions. People migrate to the development centres where economic activity and personal income grow and the unemployment reduces. In turn, the depressed regions face diminishing economic activity and consequently increasing social tension. In the depressed regions, the development of entrepreneurship is often impeded by a shortage of qualified and motivated workforce.

402. In general, participation of the Latvian young people at the level of secondary education is satisfactory (73.7%), when compared with the developed EU countries, USA and Canada. In 2003, the results of the OECD (Organisation for Economic Co-operation and Development) PISA (Programme for International Student Assessment) showed that the level of general skills of young Latvian people had improved, however, they underperformed the average level in the world and Europe. The centralised graduation exams of secondary education show that there is still a considerable number of students graduating school with a low or very low level of skills (27.18%). The results are especially low among graduates of vocational education (49.48%) and evening schools (36.35%). Further education and acquisition of a qualification is also impeded by insufficient State language skills and foreign language skills. In the nearest future a crisis can be expected with regard to the availability of teachers, in view of the increasing average age of teachers – 9.09% of all teachers are of retirement age; there is shortage of teachers of natural sciences and mathematics.

403. The Latvian education system is inflexible with regard to ensuring second-chance education to young people and adults. Young people coming from families with a very low level of income, disabled people (people with functional disabilities), imprisoned people or juveniles placed in correction institutions, some ethnic minorities and juveniles with abuse problems are the social groups most at risk of social exclusion if they are not provided adequate education. Integration of children and young people with significant impairments into special and general education establishments is impeded by the lack of a support system for special education, insufficient education and skills of teachers and insufficient provision with material and technical resources.

404. In order to promote productivity of the national economy and improve correspondence of skills and knowledge of the workforce to the labour market requirements, as well as to increase opportunities of involvement of economically active persons in the labour market, promote entrepreneurship and regional development, it is necessary to improve the quality and availability of secondary vocational education to all groups of residents, as well as to enhance the capacity of the education system to educate and train the workforce, thus meeting the needs of regional development and progressing towards a knowledge-based economy.

**Target Groups of the Measure**

405. The target groups of the measure are those educated in general and vocational education establishments, teachers, heads of educational establishments and people working in the education system, employers and professional organisations, social partners, employees of local and regional governments, pupils with special needs and
persons with functional disabilities, young people and adults in the groups at risk of social exclusion, including children whose parents are working abroad.

**Framework of Planning Documents**

406. The National Strategic Reference Framework for 2007-2013 (hereinafter – the NSRF) indicates the following key problems in education impeding the preparation of educated and skilled workforce:

- A high proportion of students with a low level of skills, insufficient number of students with a high level of competency, as well as a considerable number of students who enter the labour market without a qualification and without general knowledge and skills necessary for further education;
- Insufficient career counselling and career education activities for youth;
- Low involvement of young people at the level of secondary education, disproportion between the opportunities offered by general education and vocational education, low prestige of vocational education, and insufficient education quality, especially with regard to vocational education and tertiary education, in order to ensure competitive workforce and innovative entrepreneurship;
- Lack of clearly defined medium-term demands of the national economy concerning vocational education and tertiary education, insufficient social dialogue at the level of regions and industries, insufficient cooperation of educational establishments and employers;
- Insufficient opportunities of lifelong learning, retraining and upskilling for persons of various age groups;
- Educational establishments are not appropriate for persons with functional disabilities, insufficient resources for work with pupils with various disabilities, insufficient promotion of healthy lifestyle;
- Insufficient availability of education and opportunities to acquire work and social skills for the groups of people at risk of social exclusion.

407. In addition, the policies for promotion of employment and investment in human resources have been defined in the following main documents:

- The long-term concept paper „Latvia’s Development Model: People First” approved by the Saeima on 26.10.2005;
- Latvia’s National Action Plan for Fighting Poverty and Social Exclusion;
- Lisbon National Reform Programme of Latvia;
- Education Development Concept Paper 2006-2010;
- Guidelines for Development of Higher Education, Research and Technologies for 2002-2010;

**Previous Assistance**

408. In the planning period of 2004-2006 of the European Structural Funds, the amount of funding available from the European Social Fund to the development of education is 67.26 mln EUR.
Within the measure „Development of education and continued education”, 30.99 mln EUR of the above sum are allocated for the improvement of education programmes of initial vocational education in the areas essential for the national economy, improvement of the quality of studies in natural sciences, mathematics and technology-related subjects within secondary education, as well as for the development of career counselling activities in educational establishments. The Structural Funds of the European Union (hereinafter – the EU) will provide assistance to improving networking activities between social partners and educational establishments in order to enhance the quality of education and training.

**Synergy**

The activities planned within the measure are closely interlinked with the priority „Education and social infrastructure” of the Operational Programme „Infrastructure and Services” and the measures „Infrastructure of vocational education”, „Infrastructure of tertiary education” and „Education infrastructure for provision of general skills” which are included in the priority and under which it is planned to reconstruct/modernise educational establishments, to improve their premises and ensure up-to-date equipment in view of the fact that modern equipment and infrastructure at all education levels are essential components of the education and training process. The measure will also ensure additionality to the measure „ICT infrastructure and services” of the Operational Programme „Infrastructure and Services”.

**Compliance with the Horizontal Priorities**

**Balanced territorial development**

The measure will promote a polycentric development model in general, vocational education and lifelong learning. Balanced territorial development will be ensured by supporting availability of general and vocational education and lifelong learning to residents living in the development centres of national, regional or local importance, as well as in rural areas throughout the planning regions, as well as by supporting availability of opportunities to obtain appropriate education and qualification for persons with functional disabilities and for other persons at risk of social exclusion. Preference (additional points in project assessment) will be given to those projects which cover a greater target group, demonstrate links with ERDF investments and will be implemented in territories with a higher level of unemployment.

**Macroeconomic stability**

Generally, the measure is not directly aimed at providing macroeconomic stability, however, its activities will contribute to the promotion of macroeconomic stability. The activities within the measure are aimed at improving the quality of education and its correspondence to the needs, and at preparing an educated and skilled workforce in order to foster the development of the national economy.

Assistance will be provided to the productive areas that will contribute to the national economy in the medium and long term (for instance, the priority in tertiary education will be areas of special importance for the national economy – natural sciences, information technologies, engineering sciences, production and construction, environmental protection, etc.). Preparation of highly-qualified professionals, who are able to plan and develop high-technology products and high added value products, and to introduce them in production, will also promote the development of the national economy and investment-based and creative industries.
414. Within several activities it is planned to ensure increased involvement of entrepreneurs and industry specialists in the study process and internship that could also promote private sector investments.

\[ \text{Equal opportunities} \]

415. The measure will indirectly promote the provision of equal opportunities. The 2nd and 5th activity of the measure are directly aimed at ensuring equal opportunities by encouraging women’s interest in the sciences and in choosing a profession with a higher remuneration. Within the 3rd activity it is planned to conduct research on how the respective activities have contributed to ensuring equal opportunities.

\[ \text{Sustainable development} \]

416. Generally, the measure is not aimed at ensuring sustainable development as it is not directly interlinked with the environment. However, within the measure, a number of activities are planned in the area of vocational and tertiary education in order to prepare environmental specialists.

\[ \text{Information society} \]

417. The measure will promote the development of information society through a number of relevant activities:

- Promotion of the usage of e-environment and e-resources in the study environment in vocational education;
- Development of availability of e-study options;
- Improvement of information technology skills among students and teachers;
- Provision of availability of uniform information about education as a public service to residents (creation of a web portal and information centre).

\[ \text{International competitiveness of Riga} \]

418. Assistance provided within the measure will also strengthen the international competitiveness of Riga as a business, research and cultural metropolis of the Baltic Sea region.

\[ \text{Activities} \]

419. Activity 1. Elaboration of the national qualification system and improvement of competences and cooperation among stakeholders of vocational education.

420. Objective: to elaborate the national qualification system, including recognition of informal skills, to improve professional standards in cooperation with employers and professional organisations, to strengthen cooperation and capacity of social partners in the area of vocational education, to promote the development of vocational education programmes, research and methodology.

421. Target groups: employers and professional organisations, social partners, Public Administration institutions and support institutions and agencies for vocational education, teachers of vocational education and academic staff.

422. Activity 2. Assistance to the improvement and implementation of programmes of initial vocational education.

423. Objective: to ensure up-to-date vocational education programmes and to improve the relevant teaching methods and resources in cooperation with employers and professional organisations in order to ensure balanced acquisition of professional
competences and skills needed for professional activities and further education, including promotion of the development of vocational education and use of communication technologies in the study process, inclusion of practical studies and internship within programmes of vocational secondary and vocational education in line with the qualification requirements, as well the as expansion of apprenticeships and availability of occupational education.

424. Target groups: vocational education establishments, Public Administration institutions, support institutions and agencies for vocational education, teachers of vocational education, employers and professional organisations, entrepreneurs (merchants) and members of the Latvian Chamber of Crafts (master craftsmen) – in partnership with educational establishments or Public Administration institutions in charge of vocational education.


426. Objective: to develop lifelong learning throughout the territory of Latvia by implementing the Guidelines for Lifelong Learning which were developed in 2007. To strengthen the capacity of institutions in charge of education to develop instruments for education policies and their implementation, to conduct impact assessments, as well as to coordinate the involvement of regional social partners, employers and professional organisations in the development and education of human resources by promoting partnerships and cooperation at the regional and local levels. To strengthen the system for upskilling industry specialists, stimulate informal education of the young, and to encourage continued education for adults, including public sector employees, pre-retirement age residents and persons with limited financial resources.

427. Target groups: Public Administration institutions, education support institutions and agencies, regional development agencies, local and regional governments, educational establishments, social partners, employers and professional organisations, non-governmental organisations.

428. Activity 4. Enhancement of general knowledge and skills.

429. Objective: to enhance general knowledge and skills, and involvement of the youth at the level of secondary education by improving teaching methodology of natural sciences, mathematics, information technologies, foreign languages and the official State language, by improving the respective methodological resources in secondary education and the second phase of primary education, by promoting interest in the above subjects, improving the assessment system, encouraging participation in international research projects on education quality, as well as by improving education and continued education of teachers in order to ensure introduction of the up-to-date programmes and enhancement of teachers’ capacity to work with special target groups and adults.

430. Target groups: those to receive education, teachers and academic staff, educational establishments, Public Administration institutions and education support institutions, agencies.


432. Objective: to develop career counselling resources and availability of services in the education system, in particular in the regions.
433. Target groups: Public Administration institutions and education support institutions in charge of career counselling activities and career education, educational establishments, agencies, local and regional governments and other legal entities.


435. Objective: to achieve a reduction of early school leaving, to support children whose parents are working abroad and to promote access to obtaining appropriate education or to continued education for young people and adults with low basic skills and for the groups at risk of social exclusion (including imprisoned persons) by ensuring opportunities of additional studies and training (including studies of the official State language), ensuring access to appropriate pedagogic correction, catch-up or vocational education programmes, by ensuring readiness of teachers to work with various target audiences, opening extended-day groups and social correction classes in general education establishments, setting up the post of assistant teacher, increasing the role of support personnel – psychologists, education social workers and career consultants – in the teaching and study processes and by ensuring that pupils with special needs are integrated in the education system by ensuring appropriate education programmes and methodology for their implementation, promoting acquisition of work and everyday skills by young people with special needs, and by supporting the development and implementation of vocational rehabilitation programmes.

436. Target groups: children, young people and adults in the groups at risk of social exclusion, including children whose parents are working abroad, children and young people with special needs and functional disabilities, educational establishments, Public Administration institutions and education support institutions, agencies, local and regional governments, and other legal entities.
Priority 2 “Promotion of Employment and Public Health Measures”

437. The objective of the priority is to successfully integrate residents into the labour market and keep them on the labour market by ensuring the needed skills and equality, and by improving health condition of employees performing active employment-oriented measures and using other support instruments.

**SWOT Analysis**

438. The analysis of the current situation indicates strengths and weaknesses, as well as threats and opportunities that provide justification of investments in this priority.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The employment rate of women is above the EU average</td>
<td>• A high ratio of persons who are long term unemployed</td>
</tr>
<tr>
<td>• Positive growth of the employment rate</td>
<td>• A high unemployment rate among young people (15-24 years old)</td>
</tr>
<tr>
<td>• Reduction of unemployment</td>
<td>• A low level of self-employment, insufficient knowledge for starting entrepreneurship</td>
</tr>
<tr>
<td>• Functioning employment support institutions</td>
<td>• Undeclared employment</td>
</tr>
<tr>
<td>• Successfully started reforms of the health care system</td>
<td>• Salary discrimination against women</td>
</tr>
<tr>
<td>• Low work productivity</td>
<td>• Limited possibilities for reconciling work and family life</td>
</tr>
<tr>
<td>• Non-correspondence of knowledge and skills of workforce to the labour market requirements</td>
<td>• Low work productivity</td>
</tr>
<tr>
<td>• Employers are not motivated to invest in training their current and potential employees</td>
<td>• Non-correspondence of the structure of medical personnel to the needs of industry’s development</td>
</tr>
<tr>
<td>• Unsatisfactory public health condition</td>
<td>• Unsatisfactory demographic situation and emigration of workforce will cause shortage of labour</td>
</tr>
<tr>
<td>• Rapid increase in the number of occupational illnesses, high amount of occupational accidents</td>
<td>• Increasing cost of health services will reduce their availability</td>
</tr>
<tr>
<td>• Insufficient emphasis on health promotion and preventive activities in health care</td>
<td></td>
</tr>
<tr>
<td>• Non-correspondence of the structure of medical personnel to the needs of industry’s development</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Labour reserves among economically inactive residents</td>
<td>• Unfavourable demographic situation and emigration of workforce will cause shortage of labour</td>
</tr>
<tr>
<td>• Stabilisation of the economic situation could result in re-immigration of the labour force</td>
<td>• Increasing cost of health services will reduce their availability</td>
</tr>
<tr>
<td>• State support to families and</td>
<td></td>
</tr>
</tbody>
</table>
improvement of the economic situation will promote increasing birth rates

- Increasing productivity of the labour force and restructuring the national economy from labour-intensive industries to knowledge-based industries
- Growth of employment in the result of the improved overall health condition of the society

439. Increasing the level of employment, keeping people on the labour market and enhancement of work productivity are factors critically important for sustainable growth and competitiveness of the Latvian economy. Sound and purposeful investments in measures aimed at promoting employment and public health will contribute to the capacity of individuals and the whole society to obtain and maintain a job, thus, promoting economic growth of the country.

**Objective of the Priority**

440. The objective of the priority is to successfully integrate residents into the labour market and keep them on the labour market by ensuring the relevant skills and improving security, equality and health.

**Description of the Measures**

441. It is planned to implement two measures within the priority. The measure “Employment” will be aimed at enhancing the competitiveness of residents in economically active age on the labour market by promoting self-employment and business start-ups, strengthening gender equality and compliance with the principles of labour market relations and occupational safety, as well as by enhancing the capacity of labour market-related institutions and supporting introduction of innovative solutions on the labour market. The measure “Social measures for health care” will ensure complementary support to the above measures of the priority by performing preventive measures aimed at enhancing public health condition and by promoting availability of health care to the groups at risk of social exclusion.

**Synergy**

442. The priority is closely interlinked with the aid provided by the ERDF for the improvement of labour market-related institutions, social services and health care infrastructure, thus, ensuring purposeful and comprehensive aid in line with the principle of additionality.

**Indicators**

443. Outputs:

- The number of assisted persons (by gender and age groups) - 140 000;
- The number of assisted institutions - 4;
- The number of medical practitioners and health care specialists trained (by gender and age groups) - 200;
- The number of supported projects - 480.
Results:

- The ratio of persons who become self-employed or set up their own business after consulting and training - 25% (base value in 2004 is not available as no assistance was provided);
- A reduction of disclosed irregularities in the inspected enterprises – by 15% (base value in 2004 – 3.67 irregularities per inspection);
- The ratio of unemployed persons and job seekers who are recruited within 6 months after training courses - 40%;
- A reduction of suicides among residents aged 15 to 64 – by x% (base value in 2004 – 53.6 per 100,000 population);
- A reduction of mortality of residents in economically active age due to cardiovascular diseases – by 0.1% (base value in 2004 – 0.34% of all population).
Measure 2.1 “Employment”

Introduction

445. A higher employment rate promotes the overall economic development, growth and competitiveness, as well as improves welfare of individuals and the whole society. The Latvian employment policies are closely interlinked and are based on the relevant policies of the European Union. Lisbon National Reform Programme of Latvia (LNPL) for 2005-2008 was developed in accordance with the Integrated Guidelines for Growth and Jobs (205-2008) approved by the Council on 12 July 2005. Its integral part is the guidelines for employment policies aimed at aligning the measures for attaining the objectives of the Lisbon Strategy with the social and economic situation in Latvia and its specific problems.

Objective of the Measure

446. The measure is aimed at ensuring support to the attainment of the main employment policy objectives of Latvia, i.e., growth of the employment rate in order to, in the future, to reach the strategic EU’s indicators, upskilling of enterprise employees and solving unemployment problems on the basis of successful economic development.

Justification and Description of the Measure

447. The quantitative objectives should be considered in the context of the Lisbon Strategy (see the table below).

<table>
<thead>
<tr>
<th>Table 16: Key Employment Indicators (EUROSTAT)</th>
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</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Employment rate (age group 15 to 64)</td>
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<tr>
<td>Employment rate of women (age group 15 to 64)</td>
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<tr>
<td>Employment rate of older people (age group 55 to 64)</td>
</tr>
<tr>
<td>Economic activity (age group 15 to 64)</td>
</tr>
<tr>
<td>Unemployment rate (age group 15 to 64)</td>
</tr>
<tr>
<td>Long term unemployment rate (age group)</td>
</tr>
</tbody>
</table>
448. Latvia has made significant steps towards fulfilling the Lisbon objective of 2010 with regard to the employment rate of older people which was among the top EU countries already in 2004. Though the employment indicators for women are above the EU average, there are still some indications of discrimination on the labour market. Instead, the employment rate of men (66.5% in 2004) is one of the lowest in the EU (in 2004 the EU-25 average – 70.9%).

449. Despite the positive trend of the recent years, Latvia still has a high number of job seekers, and for a considerable part of them more than a year is needed in order to find a job. Latvia has a relatively high number of economically inactive people, including persons who have lost hope for a job. In 2004, there were 678 thousands of economically inactive people, 42.8% of them were pensioners, 29.8% - school or university students, 8.5% - housewives, 8.1% - long time ill or disabled people, 5.1% or 34.4 thousands – people who have lost hope for a job. Taking into account the unfavourable demographic trends and impact of migration, more attention should be paid to the involvement of economically inactive persons.

450. The following problems impede the attainment of employment objectives for 2010 in line with the objectives set at the EU level:

- Considerable regional disparities are observed on the labour market for a long time,
- Quality, knowledge and skills of workforce do not meet the requirements of employers,
- Low internal mobility of labour,
- A relatively high level of undeclared employment,
- Increased unemployment risk for young people, persons after child care leave, residents with low Latvian language skills and other groups at risk of social exclusion,
- Potential shortage of workforce according to the demographic situation forecasts after 2010,
- Indications of gender discrimination on the labour market, horizontal segregation of jobs,
- Insufficiency of care and social services for children and other dependents impede involvement of supporters (most often they are women) in working relations,
- A relatively high number of occupational accidents, insufficient knowledge of employers and employees in matters of occupational safety,
- Insufficient administrative capacity and cooperation of the institutions involved in the development and implementation of employment policies, weakly developed local-level partnerships in order to ensure efficient and integrated implementation of the employment policies,
- Low economic activity of residents and low amount of self-employed persons.

451. In order to address the above labour market problems, it is planned to use aid provided by the European Social Fund for the following priorities of the Latvian employment policies pursuant to Lisbon National Reform Programme of Latvia:

- Promotion of an inclusive labour market by expanding the range of active employment measures and by improving cooperation of labour market-related institutions and employers;
• Development of economic activity in the underdeveloped regions by improving the business environment, promoting the development of business activity and self-employment, providing state aid in order to reduce regional disparities;
• More intensive problem-solving measures related to undeclared jobs and encouraging residents to operate within the formal economy by strengthening state control functions and associations (unions) of social partners;
• Enhancing education and training opportunities, in particular for persons with a low qualification, as well as the development of lifelong learning by simultaneous improvement of the quality of education and career counselling activities.

Target groups of the Measure
452. The target groups of the measure are residents of the active age group (15 to 64 age bracket), including the employed persons, unemployed persons and job seekers, employers, business start-ups, labour market-related institutions and their employees, local and regional governments, social partners, public organisations, business companies, education and employment policy decision-makers and executive institutions.

Framework of Planning Documents
453. Latvia as a full-fledged Member State of the EU is involved in the implementation of EU’s employment strategy.

454. Lisbon National Reform Programme of Latvia (LNPL) for 2005-2008 was developed in accordance with the Integrated Guidelines for Growth and Jobs (205-2008) approved by the Council on 12 July 2005. Its integral part is the guidelines for employment policies aimed at aligning the measures for attaining the objectives of the Lisbon Strategy with the social and economic situation in Latvia and its specific problems. The priority activities covered by Lisbon National Reform Programme of Latvia are in line with Community’s strategic guidelines, as well as with the National Development Plan which defines that the objective of long-term development is the enhancement of competitiveness of the national economy and human resources.

455. The measure will be implemented within the first thematic axis “Development and efficient use of human resources” of the NSRF by promoting upskilling and professional enhancement of economically active persons, supporting activities aimed at improving education and motivation of business start-ups, promoting involvement of the unemployed and job seekers in the labour market, increasing the efficiency of services provided by labour market-related institutions. The measure is in line with the aid area “Promotion of employment and productivity of labour” under the Operational Programme “Human Resources and Employment”.

Previous Assistance
456. In the planning period of 2004-2006 of the EU Structural Funds, training of the unemployed and job seekers is implemented within the measure “Promotion of employment” of the SPD. In the result, it is planned that aid will be provided to 27000 unemployed persons and job seekers. The total funding amounts to 21.8 mln lats. Within the measure, it is planned to provide aid to 100 institutions (60 sector and structural units of the SEA ; 20 sectors of the PCCSA; 20 local
partnerships) for strengthening their capacities. The total funding amounts to 7.2 mln lats. Though the main employment indicators show positive development, further investments are needed to approach the employment targets set forth at the EU level.

457. The national programme “Training, consulting and financial support for business start-ups and self-employed people” of the European Social Fund has been developed in the planning period of 2004-2006 which is implemented by the Mortgage and Land Bank of Latvia. It is planned to train 1000 potential business start-ups by providing financial support to about 290 business start-ups whose business plans are admitted feasible.

458. In the planning period of 2004-2006, the grant scheme “Aid to upskilling, retraining and continued education of the employed persons” is implemented which ensures availability of funding to enterprises for upskilling their employees. The amount of the grant scheme is 2 mln lats, including the state budget funding and funding of the ESF. In addition, the above activity was elaborated in 2006 by developing the national programme “Aid to upskilling, retraining and continued education of the employed persons” of the European Social Fund in order to ensure education and training programmes for enterprises operating in specific industries in the amount of 2 mln lats.

459. By now, investments in the area of gender equality have been provided mainly in the form of projects by supporting informative and awareness-raising activities, development and implementation of education programmes of Public Administration institutions, as well as research activities. Apart from informative activities it is essential to provide various services and ensure their availability in various real life situations both for men and women.

Synergy

460. The implementation of measure’s activities is closely interlinked with the measures of both the OP "Human Resources and Employment" and the OP “Infrastructure and Services”, in particular with the measure “Infrastructure of employment and social services”. For instance, strengthening the capacities within the measure “Employment” in order to ensure quality services of labour market-related institutions (including enhanced work methods and training of employees) should be complemented by the activity of the measure “Infrastructure of labour market-related institutions and social services”, which envisages improvement of the customer service infrastructure in the labour market-related institutions.

461. The measure is linked with and will complement the objectives of the activity envisaged within the measure “Development of vocational education, lifelong learning and inclusive education”, as well as the activity “Entrepreneurship support activities” within the Operational Programme “Entrepreneurship and Innovations”. The activity “Support for self-employment and business start-ups” will complement the aid programmes within the measure “Enhancement of business activity and competitiveness” of the Operational Programme “Entrepreneurship and Innovations”, aimed at promoting regional entrepreneurship and strengthening motivation for entrepreneurship.

462. The activities under the measures "Employment" and “Social inclusion” will complement the measures planned in the area of education, in particular the
activity “Development of lifelong learning, social dialogue and cooperation” of
the measure “Development of vocational education, lifelong learning and
inclusive education”. The activities in the area of education are aimed at
preventing early school leaving of educatees, as well as strengthening
involvement of various sectors of the economy in the development of education.
Instead, the activities in the area of employment are aimed at improving
employment and reducing the unemployment rate.

463. The activities “Practical application of the legislation on working relations and
occupational safety and improvement of supervision” and “Strengthening the
capacity of labour market-related institutions” will complement the
implementation of the measures and activities of the priority “Strengthening the
administrative capacity”. The measures planned within the activity “Forecasting
short-term and long-term needs of the labour market and development of the
supervisory system” aimed at ensuring situation monitoring activities and
analysis of the labour market may be used as a basis for defining policy-related
research subjects within the measure “Better regulation policy” of the priority
“Strengthening the administrative capacity”

Compliance with the Horizontal Priorities

Balanced territorial development

464. In order to reduce the unfavourable development disparities of Latvia’s regions,
a specific activity “Support for the implementation of regional action plans for
promotion of employment” is planned within the measure, which will be
implemented outside Rīga, and preference will be given to the local and
regional governments with a high level of unemployment. In order to promote
business activity in the country, it is planned to determine aid quotas for every
planning region under the activity “Support for self-employment and business
start-ups” by developing the quota criteria in cooperation with regional partners.
When analysing initial experience in implementing the state aid programmes,
the possibility to apply the so-called “principle of regionality” will be
considered with regard to training of the employed persons (within the 1st
activity) by determining aid quotas for every planning regions or by
differentiating the intensity of aid in different territories of the country.

Macroeconomic stability

465. The activities of the measure “Employment” are aimed at implementing the
horizontal priority “Macroeconomic stability” in view of the fact that within
specific activities investments will be focused on the enhancement of the quality
of public services, improvement of the occupational safety system in order to
reduce the losses incurred to the national economy due to occupational
accidents and occupational illnesses, and on promoting economic activity and
productivity in order to contribute to the growth of the total amount of the
economy.

Sustainable development

466. The activities of the measure “Employment” are aimed at attaining the
following policy objectives stipulated in the Guidelines for Sustainable
Development of Latvia: to enhance the quality of workforce to meet the labour
market requirements, to ensure equal opportunities for women and men on the
labour market, to enhance the quality of services provided to job seekers and the unemployed persons.

**Equal opportunities**

467. Within the measure “Employment”, in order to ensure the principle of equal opportunities and fight discrimination, a number of specific opportunities are planned, for instance, to provide effective support in applying the legislation on working relations and in promoting gender equality on the labour market. Equal opportunities will be also promoted by defining specific criteria for impact assessment of a concrete project on the implementation of the horizontal priority.

**Information society**

468. Specific activities of the measure “Employment” are directly contributing to the development of information society by envisaging training activities for work with ICT for the unemployed, job seekers and employed persons, promoting alternative forms of work (e-work) and availability of public services (in the framework of the programme for strengthening the capacity of labour market-related institutions).

**International competitiveness of Riga**

469. The measure “Employment” will ensure balanced development of country’s territories, therefore no support activities are planned specifically for Riga. However, the projects implemented in Riga within the planned activities will foster the development of Riga being a significant component in strengthening the competitiveness of Latvia.

**Activities**

470. Activity 1. Enhancement of the competitiveness of residents in working age (age group of 15 to 64), including retraining and active employment measures.

471. Objective: to ensure upskilling and retraining of enterprise employees, thus, also promoting improved productivity of workforce, enhancement of qualifications and competitiveness of unemployed persons and job seekers, and their involvement in the labour market.

472. Target groups: employers, professional organisations, residents in economically active age (age group 15 to 64), including unemployed persons and job seekers.


474. Objective: to enhance business activity in the country, in particular in the regions, by enhancing knowledge and entrepreneurship skills of business start-ups, as well as by providing support in the form of consulting services, grants or loans for setting up a business.

475. Target groups: residents in economically active age (age group 15 to 64), including unemployed persons and newly established business companies.

476. Activity 3. Practical application of the legislation on labour relations, occupational safety and health, and improvement of supervision.

477. Objective: to promote application of the legislation on working relations and occupational safety in enterprises in order to improve the working environment
and enhance satisfaction of employees with their working conditions, to reduce violation of working relations and the number of occupational accidents in enterprises, encourage employees and employers to examine the legislation on working relations and occupational safety, their rights and duties, to foster socially responsible entrepreneurship in order to fight illegal employment.

478. Target groups: residents in economically active age, employers, professional organisations, social partners, labour protection institutions and institutions ensuring technical supervision of dangerous equipment, and their employees.

479. Activity 4. Capacity reinforcement of labour market institutions.

480. Objective: to establish modern client-oriented institutions that are able to promptly react to the needs of their clients (employers, the employed and unemployed persons, job seekers, residents in economically active age) and provide adequate and professional consulting services, informative support, distribute informative and explanatory materials on employment-related matters essential for the participants of the labour market, and to promote the competitiveness of workforce. Within the activity, it is planned to ensure specific training for service providers in the employment and recruitment industry.

481. Target groups: labour market-related institutions, their employees, residents in economically active age (age group 15 to 64), employers.

482. Activity 5. Support for the implementation of regional action plans for promotion of employment.

483. Objective: to support the measures that are aimed at improving the employment rate and which are taken by local and regional governments with a high level of unemployment.

484. Target groups: local and regional governments with a high level of unemployment.


486. Objective: to enhance the capacity of institutions, which are involved in the implementation of gender equality policies, in the application of an integrated approach to gender equality, as well as to enhance general public awareness of gender equality issues in various areas of everyday life.

487. Target groups: residents of Latvia (in particular those in economically active age), employers and professional organisations, social partners, public organisations, mass media, Public Administration institutions, local and regional governments.


489. Objective: to establish such a labour market supervisory system which would ensure data on the contribution of human resources by sectors/industries of the national economy, specific problems and their analysis, to obtain reliable forecasts for the short-term, medium-term and long-term development of the labour market in order to plan involvement of unemployed persons and job seekers in active employment support measures, to ensure timely planning of education and training activities in accordance with the labour market
requirements and to inform society about the trends in labour market development.

490. Target groups: Public Administration institutions, incl. local and regional governments, decision-makers on the education and employment policies and executive bodies, social partners, current and potential employees, NGOs, business companies and the whole society.

491. Activity 8. Support for seeking the best innovative solutions and for integrating the best practices in the labour market policies and implementation instruments.

492. Objective: to promote industry’s development by developing and examining the innovative solutions within instruments of labour market policies, including exchange of good practices within the EU, to further undertake the initiatives under the programme EQUAL by developing and testing the measures aimed at re-integrating specific target groups into the labour market and enhancing competitiveness.

493. Target groups: providers of labour market services and their users.
Measure 2.2 “Public Health Measures”

Introduction

494. In order to ensure pre-conditions for life-long good health, it is necessary to popularise and develop preventive measures and to ensure that a healthy lifestyle is a generally accepted value, as well as to further improve the health care system.

495. Health is not just one of the primary human rights, it is also the basis for the quality of life and wellbeing of individuals and families. Health ensures the existence of a society.

496. The World Health Organisation, in cooperation with Latvia, has developed the European region strategy: “Health21 – Health for All in the 21st century” taking into account the relevant directives of the European Union. Consequently, Latvia has assumed obligations to ensure its society is in good health.

497. On 6 March 2001 the Cabinet of Ministers adopted the Public Health Strategy for 2002-2010 which is the primary policy planning document in the area of health care.

Objective of the Measure

498. The main objective of the measure is to ensure the enhancement of labour quality by improving the health condition of Latvia’s residents, approaching the average EU health indicators, as well as to develop the welfare system for persons infected with HIV/AIDS.

Justification of the Measure

499. It is necessary to improve the mechanisms for assessment and control of public health in Latvia and to develop and introduce new programmes for health promotion and preventive measures.

500. In general, lifestyles in Latvia do not show strong traditions of choosing healthy food – for instance, milk with fat content above 4% is consumed by only 25.2% of Latvia’s population aged 16 to 64. About 25.1% of Latvia’s population aged 16 to 64 use green goods in their everyday consumption and 15.7% of the population eat fruits and berries. In Latvia, 27.4% of the population have overweight problems, obesity is observed in 13.4% of the population. The proportion of those residents who undertake physical exercise for at least 30 minutes at least 2-3 times a week accounts for 36.0% (FINBAL Health Monitor, 2004.). The number of deaths due to suicide in the age group of 15 to 64 amounts to 53.6 occasions per 100,000 population. In Latvia, the number of deaths due to cardiovascular diseases in economically active age is the highest in the European Union: 335.1 deaths per 100,000 population (Yearbook of Health Care Statistics in Latvia in 2004).

501. According to the data of the Latvian State Agency of Health Statistics and Medical Technologies, the main causes of deaths have been determined in 2004 by age and by gender:
Table 17: Main Causes of Death in Latvia in 2004
by gender and by age, number of persons

<table>
<thead>
<tr>
<th></th>
<th>Total number of deaths</th>
<th>With diagnosed:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Tumours</td>
<td>Circulatory</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>system diseases</td>
</tr>
<tr>
<td></td>
<td>Men</td>
<td>Women</td>
<td>Men</td>
</tr>
<tr>
<td>Total number of</td>
<td>15 902</td>
<td>16 139</td>
<td>3 205</td>
</tr>
<tr>
<td>deaths</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Breakdown of the</td>
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<td></td>
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<tr>
<td>number of deaths</td>
<td></td>
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<td></td>
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<tr>
<td>by age:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>0 - 4</td>
<td>121</td>
<td>109</td>
<td>3</td>
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<tr>
<td>5 - 9</td>
<td>25</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>10 - 14</td>
<td>26</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>15 - 19</td>
<td>86</td>
<td>50</td>
<td>4</td>
</tr>
<tr>
<td>20 - 24</td>
<td>154</td>
<td>46</td>
<td>7</td>
</tr>
<tr>
<td>25 - 29</td>
<td>178</td>
<td>42</td>
<td>7</td>
</tr>
<tr>
<td>30 - 34</td>
<td>289</td>
<td>93</td>
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<td>35 - 39</td>
<td>369</td>
<td>126</td>
<td>32</td>
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<tr>
<td>40 - 44</td>
<td>616</td>
<td>228</td>
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<tr>
<td>45 - 49</td>
<td>873</td>
<td>313</td>
<td>120</td>
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<td>50 - 54</td>
<td>1 131</td>
<td>470</td>
<td>182</td>
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<td>55 - 59</td>
<td>1 275</td>
<td>568</td>
<td>306</td>
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<tr>
<td>60 - 64</td>
<td>1 850</td>
<td>980</td>
<td>466</td>
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<tr>
<td>65 - 69</td>
<td>2 242</td>
<td>1 312</td>
<td>604</td>
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<td>70 - 74</td>
<td>2 253</td>
<td>1 879</td>
<td>630</td>
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<tr>
<td>75 - 79</td>
<td>1 981</td>
<td>2 961</td>
<td>430</td>
</tr>
<tr>
<td>80 - 84</td>
<td>1 213</td>
<td>3 031</td>
<td>228</td>
</tr>
<tr>
<td>85 +</td>
<td>1 218</td>
<td>3 909</td>
<td>109</td>
</tr>
<tr>
<td>In economically</td>
<td>5 628</td>
<td>1 936</td>
<td>899</td>
</tr>
<tr>
<td>active (working)</td>
<td></td>
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<td></td>
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<tr>
<td>age **</td>
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</tbody>
</table>

*Source: Latvian State Agency of Health Statistics and Medical Technologies*

** men aged 15 to 62   
** women aged 15 to 60

502. The indicators of health and lifestyles of Latvia’s population are still among the worst in the EU (47% of men and 18% of women smoke, the EU average – 30%). In recent years these indicators have improved: the number of smokers is decreasing and food consumption habits of people are changing. The studies on the habits of students show that their posture and, consequently, physical health is weak, and that their eating habits are unhealthy. The implementation of health
promotion programmes will support public education measures aimed at explaining the factors impacting health and health as a value.

503. On the basis of the recommendations of EU experts provided in the framework of the EU Phare national programmes, it is necessary to improve skills of the persons involved in health care and promotion of health in order to ensure high-quality organisation, monitoring and assessment of the health care and promotion processes.

504. In order to ensure the implementation of health promotion measures in Latvia, in the period of 2000-2005, the State Agency for Promotion of Health has implemented several training programmes with the support of national and international organisations, however, it is necessary to further improve skills of employees engaged in promoting consumption of wholesome food and promoting mental health, as well as of the employees engaged in other processes related to health care.

505. Currently, there are 3,311 persons infected with HIV and 378 AIDS patients in Latvia (data as of 31.11.2005, data of the AIDS Prevention Centre). The number of new patients has been decreasing since 2001 when it reached the maximum level (807 new HIV-positive cases diagnosed), and 305 new HIV-positive cases were diagnosed in the first 11 months of 2005. On 1 January 2006, 410 HIV-positive persons and 45 AIDS patients were located in places of imprisonment (date of the Administration of Places of Imprisonment).

506. Though the number of new HIV-positive cases has been reduced (in 2004 – 323 cases) when compared with the previous year (in 2003 – 42 cases), the number of HIV/AIDS patients increases. There is a high proportion (0.6%) of HIV-positive persons of reproductive age (age group of 15 to 49). Therefore, in the near future it is necessary to develop a system of social assistance and welfare for persons infected with HIV/AIDS, as well as for their family members and relatives.

507. In order to analyse the current situation and to enhance the efficiency of the measures planned, it is necessary to perform studies on healthy lifestyles, mental health of the society, physical fitness and posture of students, research on physical loads of students in general education establishments and in out-of-school activities in comparison with the EU countries, as well as to perform other studies in the area of health care.

**Target Group of the Measure**

508. The target group of the measure is the whole society, including health care specialists, institutions and personnel engaged in the health care processes, HIV/AIDS patients, their relatives and colleagues.

**Framework of Planning Documents**

509. Pursuant to the Lisbon National Reform Programme of Latvia for 2005-2008, a long-term objective for the development of Latvia is the enhancement of the competitiveness of its economy and human resources. To this end, it is essential to enhance labour quality by improving the health condition of Latvia’s population.

510. A special focus of the National Development Plan is the necessity to improve measures aimed at informing society about health care matters by ensuring
public awareness of healthy lifestyles and wholesome food, as well as to encourage cooperation in the health care area with the groups at risk of social exclusion, including HIV-positive persons.

511. The measure will be implemented in the framework of the first thematic axis “Development and efficient use of human resources” of the NSRF by improving the mechanisms for assessment and supervision of the public health condition. The measure is in line with the aid area “Promotion of employment and productivity of labour” of the Operational Programme “Human Resources and Employment”.


**Previous Assistance**

513. In the period of 2000-2006, within the framework of the EU Phare national programmes, financial assistance to the amount of almost 5 mln lats was granted for strengthening the institutional capacity of the health care industry.

514. The State Agency for Promotion of Health has received support from the EU Public Health Programme in order to implement the project “Enhancing the health promotion capacity in the EU Member States” in the period of 2005-2007 with the total funding of 257,797 EUR, the project “Survey of e-health consumers” with the total funding of 40,078 EUR, and the project “Breastfeeding promotion in Europe” with the total funding of 116,000 EUR, the project “Youth-friendly health services” with the total funding of 23,965 USD, and the project “HIV/AIDS prevention for women” with the total funding of 71,250 USD of the U.N. Development Programme.

515. In addition, State budget funding was allocated for public information campaigns, informative materials and upskilling of specialists: the amount of funding was 78,325 lats in 2005 and 219,325 lats in 2006.

**Synergy**

516. The measure is interlinked with the measure “Health care infrastructure” of the Operational Programme “Infrastructure and Services”, as for the improvement of health care, it is essential to invest both in the infrastructure and implementation of various social measures. Thus, the measures aimed at the health care infrastructure will be complemented with health promotion measures, research and capacity enhancing measures in order to ensure complex support to the health care industry.

517. The measure is interlinked with the measure “Social inclusion” of the Operational Programme “Human Resources and Employment” by promoting involvement of the groups at risk of social exclusion in the labour market and the society, and with the measure “Development of tertiary education” which envisages support to the preparation of an increased number of educated, skilled
and creative people, including specialists, meeting the needs of country’s development.

**Compliance with the Horizontal Priorities**

*Balanced territorial development*

518. The measure “Public health measures” will not impact upon balanced territorial development.

*Macroeconomic stability*

519. The measure’s activities have preventive aims in order to improve public health in the long term and, consequently, to provide the labour market with a healthy and physically fit workforce contributing to the growth of the national economy.

*Sustainable development*

520. The measure is aimed at ensuring public health in the long term and is indirectly related to the objective of sustainable development; no substantial investment is planned within the measure and no environmental impact assessment is required.

*Equal opportunities*

521. The implementation of the measure will indirectly contribute to the attainment of objectives of the horizontal priority “Equal opportunities” – implementation of the planned activities will promote public awareness of the importance of a healthy lifestyle leading to enhanced quality of life.

522. Within the measure’s activity “Availability of health care services to the groups at risk of social exclusion”, specific activities are planned in order to integrate the principle of equal opportunities and to fight discrimination, i.e., almost the whole target group of the measure are residents at risk of social exclusion, and one of measure’s objectives is full-scale social involvement of all people.

*Information society*

523. The measure is not directly related to the formation of an information society.

*International competitiveness of Rīga*

524. The measure “Social measures of health care” will ensure balanced development of country’s territories, therefore no support activities are planned specifically for Rīga. However, the projects implemented in Rīga within the planned activities will foster the development of Rīga being a significant component in strengthening the competitiveness of Latvia.

**Activities**

525. Activity 1. Promotion of health.

526. Objective: to promote public awareness of a healthy lifestyle, thus, ensuring the labour market with a maximum number of persons able to work and reducing the risk of disablement due to illnesses, as well as the number of suicides.

527. The target group of the activity: the whole society.

528. Activity 2. Research in the area of health care.
529. Objective: by promoting research activities in the area of health care, including research on the health condition (mental and physical) of Latvia’s population, and research in specific areas of medicine, analysing causes of illnesses and opportunities to reduce them, to improve the efficiency of investments in health care infrastructure, human resources and health promotion measures.

530. The target group of the activity: the whole society.


532. Objective: to provide training of personnel of the institutions involved in the processes of health care and health promotion, and their involvement in the labour market in order to ensure quality health care services, disease diagnostics, medical rehabilitation, preventive activities and to encourage cooperation among specialists engaged in health care institutions and other institutions.

533. The target group of the activity: the whole society, in particular health care personnel and health promotion personnel.

534. Activity 4. Availability of health care services to the groups at risk of social exclusion.

535. Objective: to reduce the number of new HIV-positive cases, to fight discrimination of the groups at risk of social exclusion, to reduce dissemination of infective diseases (HIV, tuberculosis, type C viral hepatitis) in places of imprisonment, thus, improving public health and ensuring re-integration of the respective social group into the labour market and society in general through a positive and tolerant attitude.

536. Target groups: imprisoned persons, persons infected with HIV/AIDS, their relatives and colleges.
Priority 3 “Promotion of Social Inclusion”

537. The priority is aimed at fighting the risks of poverty and social exclusion by supporting social inclusion programmes and promoting the development of an inclusive labour market.

SWOT Analysis

538. The analysis of the current situation indicates strengths and weaknesses, as well as threats and opportunities that provide justification for investment in this priority.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The employment rate of women is above the EU average</td>
<td>• A high ratio of persons who are long term unemployed</td>
</tr>
<tr>
<td>• Increasing number of social workers in local and regional governments</td>
<td>• A high unemployment rate among young people (15-24 years old)</td>
</tr>
<tr>
<td>• Development of social care services as alternatives to the services provided by State institutions</td>
<td>• Limited possibilities for reconciling work and family life</td>
</tr>
<tr>
<td></td>
<td>• It is complicated for persons with functional disabilities to integrate into the labour market due to insufficient motivation of employers, inappropriate environments (including working environments) or due to a low level of education and skills</td>
</tr>
<tr>
<td></td>
<td>• It is complicated for persons being released from prisons to integrate into the labour market due to a low level of education and skills, insufficient motivation of employers, or due to lack of information</td>
</tr>
<tr>
<td></td>
<td>• Insufficient amount and variety of professional rehabilitation services</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Labour reserves in the groups of economically inactive population</td>
<td>• Growing poverty and social exclusion may result in an increased number of children without a primary education</td>
</tr>
<tr>
<td></td>
<td>• A substantial increase in the number of persons receiving social services and social assistance</td>
</tr>
</tbody>
</table>

539. An essential pre-condition for sustainable development of a society is the prevention and reduction of the risks of poverty and social exclusion, and full-scale involvement of all members of the society. Therefore, assistance is needed in order to support the groups at risk of social exclusion by promoting their economic activity in a direct or indirect way.

Objective of the Priority
540. The priority is aimed at fighting the risks of poverty and social exclusion.

**Measures of the Priority**

541. Within the framework of the priority a measure “Social Inclusion” will be introduced, providing support to increase employment opportunities for groups at risk of social exclusion and improving working capacity evaluation system and system of introduction of social services.

**Synergy**

542. The priority is closely related to a support provided by ERDF (European Regional Development Fund) to improve labour market institutions and social services, as well as an infrastructure of health care; thus, ensuring purposeful, comprehensive and mutually complementary support.

**Indicators**

543. Outputs:

- Number of complex support projects - 58
- Number of unemployed who received a support - 5786
- Number of clients who received services of social rehabilitation - 3318

544. Results:

- A proportion of unemployed who found a job out of a total number of unemployed who completed the supported employment measures - 50%.
Measure 3.1 “Social Inclusion”

Introduction

545. Inhabitants are often subject to risk of social exclusion and poverty under the influence of different social risks. Social exclusion means that a person or a group of persons cannot fully or partially adapt themselves to society or when persons or groups of persons have denied or difficult access to certain products, services, resources and rights that are very significant for person’s development and ensures one's valuable activity in society.

546. Social inclusion is a process, which objective is eliminating and reducing risk of poverty and social exclusion and full-fledged inclusion of all people in society. A support for measures of social inclusion contributes to the development of inclusive labour market, diminishes stratification of society and increases person’s and society’s prosperity.

547. In accordance with a provision of the EU development strategic goal on larger social cohesion that was set in 2000, strategy of the EU social inclusion was carried out with aim to considerably decrease poverty and social exclusion in the EU till 2010, an Open method of coordination (hereinafter OMC) is applied for implementation of the strategy. OMC is a way how to contribute to better understanding of issues on poverty and social exclusion, its aspects, using strategic and integrated approach in order to mobilize all involved parties and contribute to mutual learning.

548. To reduce poverty and social exclusion, a national strategy, measures and the institutional mechanism necessary to implement them is defined in the National Action Plan of Latvia on Eradication of Poverty and Social Exclusion 2004-2006.

Objective of the Measure

549. The measure was created to support a consummation of long-term goal of Latvian social policy – reducing poverty and social exclusion.

Justification and Description of Measure

550. In comparison to the EU-25 (16%) and the EU-15 (17%)\textsuperscript{77}, a poverty risk index (by social transfers) has rapidly increased in Latvia - reaching 19% in 2004 (16% - in 2003), which shows a need for reinforced necessity to carry out measures aimed at decreasing poverty and social exclusion in the country.

551. Risk of social exclusion in Latvia is affected by such factors as population’s poverty and high inequality of income, comparatively high rate of unemployment, particularly long-term unemployment, inadequacy of education

\textsuperscript{77} Data of Eurostat. 

HR_operational_programme_consolidated3; Draft Operational Programme „Human Resources and Employment”
and skills in context of labour market demands, large regional and urban-rural differences.

552. Population groups in Latvia that are more likely subject to risk of social exclusion or subject to several risks simultaneously than other groups are:

- large and partial families,
- the disabled (persons with functional disorders – sight and hearing disorders, insanity derangement etc.) and persons with threatened disability,
- the unemployed, particularly long-term unemployed,
- young people who do not study and do not work,
- old people (55+),
- parents, particularly women after child care leave, as well as parents whose child is disabled and persons who have to take care of a family member,
- prisoners and persons released from prison,
- homeless persons,
- victims of violence and people trade,
- persons with addiction problems.

553. Some of the above mentioned groups have explicit sex nature. For instance, 80% out of all persons with addiction problems are male, almost 100% of prisoners and released prisoners are also male, in its turn, victims of violence and people trade, partial families are mostly female representatives.

554. At the same time we need to develop and offer services for inclusion the group of economically inactive people in economically active age into labour market. There is quite a large reserve of labour force in Latvia (in accordance with the Central Statistics (BPS) data of 2004: the disabled and long-term incapacitated persons – 54.8 thousand, householders/housewives 57.4 thousand, persons on child-care leave - 22.7 thousand, others – 50.5 thousand), that is 27.3% out of total number of economically inactive people or 185 thousand inhabitants, who are the potential target audience. In the future we need to pay full attention to complex support measures that can be accomplished in cooperation with social services of municipalities, local employers and other cooperation partners in order to include population groups which are subject to risk of social exclusion, thus decreasing social exclusion, contributing to persons’ inclusion into work and social life, as well as stimulating economical activities and access to labour force, especially in fields where there is a lack of it.

555. Main identified issues on the field of social inclusion in Latvia were the following:

- Social care, insufficient amount of social and professional rehabilitation measures, diversity, quality and accessibility,
- Insufficient number of professionally educated social workers in agencies and institutions providing social services,
- The disabled and persons with threatened disability have limited assessment of individual needs and working capacity,
- Insufficient accessibility of education and opportunities to obtain working and social skills for risk groups subject to social exclusion,
• there is a lack of in-depth research on National Action Plan of Latvia on Eradication of Poverty and Social Exclusion 2004-2006, on efficiency of implemented measures and opportunities of their improvement.

**Target Groups of the Measure**

556. The target groups of the measure are population groups which are subject to risk of social exclusion, including the unemployed, especially long-term unemployed, the unemployed with addiction problems, the disabled unemployed, persons with threatened disability, economically inactive people, in particular young people without motivation to study or work, people with sight and hearing disorders and insanity derangement, immigrants, persons who return to Latvia after spending many years abroad meet with difficulties in entering the labour market, prisoners and people released from prisons and jails.

**Framework of Planning Documents**

557. The Lisbon National Reform Programme of Latvia (NRPL) brings forward a set of priority tasks for the period of 2005-2008 to facilitate and motivate people to enter the labour market, for instance, to develop and diversify the active employment measures, to improve measures preventing the decrease in unemployment, to improve the system of child-care and social services.

558. Main political issues, priorities and medium and long-term tasks to promote social inclusion in Latvia are defined in the Joint Inclusion Memorandum (hereinafter - JIM) signed in December 2003 between the European Commission and the Government of the Republic of Latvia.

559. Basing on political priorities included in the JIM, the National Action Plan of Latvia on Eradication of Poverty and Social Exclusion 2004-2006 was drawn up (hereinafter NAP) aimed at the following: contribution to employment, promotion of access to resources, rights, products and services, prevention of risk of social exclusion, support to less protected population groups, as well as mobilization of all involved parties. Work on National Report on development of a strategy of social security and social inclusion for years 2006-2008 has commenced in 2006, which is a continuation of the former National Action Plan of Latvia on Eradication of Poverty and Social Exclusion 2004-2006.

560. Apart from the aforementioned prior tasks in the National Development Plan (hereinafter – NDP), special emphasis is put on the necessity to act preventively by eliminating and decreasing causes of social exclusion, i.e., population’s poverty and inequality of income, long-term unemployment, as well as regional and urban-rural differences. The direction of investments of NSFR (National Strategic Reference Framework) social inclusion complies with the sub-action of NDP strategy on decrease of long-term unemployment and involvement of risk groups subject to social exclusion in labour market.

561. The measure will be carried out within the framework of NSRF thematic axle no. 1 “Development and Efficient Usage of Human Capital”, by contributing to integration of people subject to risk of social exclusion into labour market and
developing system of social services. The measure conforms to the support field of operational programme “Human Capital and Employment”

562. The support directions for the disabled and persons with threatened disability are defined in the policy guidelines of reduction of disability and consequences caused by the disability for 2005-2015. In the framework of this document it is planned to implement the development of disability’s preventive measures, improve disability determination system and social security system for the disabled, contribute to their employment.

**Previous Assistance**

563. During years the planning period (2004-2006) of the Structural Funds, it is planned to give a support to 6,520 unemployed subject to risk of social exclusion and jobseekers, by implementing Single Programming document (SPD) measure. Total allocated funding – 34 million EUR. Taking into consideration comparatively high rate of long-term unemployment and the number of economically inactive people, it is necessary to improve and diversify complex support measures for their motivation, rehabilitation and inclusion in labour market.

**Synergy**

564. Implementation of the measure is connected to both the implementation of other operational programme “Human Capital and Employment” measures and a measure of operational programme „Infrastructure and Services”, especially to implementation of a priority „Infrastructure of Employment and Social Services.” For instance, for improving working capacity evaluation system and system of introduction of social services, an equal support is needed both from ESF (European Social Fund) and ERDF (European Regional Development Fund)

565. Reaching the measure’s “Social inclusion” goals will be supported by priority „Education and Social Infrastructure” of operational programme „Infrastructure and Services”, especially by a measure „Development of Professional Educational Infrastructure and Modernization of Learning Equipment in Prisons" and "Improvement of Infrastructure of Special Educational Institutions and All-round Educational Institutions."

**Compliance with Horizontal Priorities**

**Balanced territorial development**

566. A balanced development of territories will be facilitated by implementing a measure “Improving Working Capacity Evaluation System and System of Introduction of Social Services”, and the support in its framework is planned to be focused on development centers of national and regional significance, adhering to approach of polycentric development.

**Macroeconomic stability**

567. The measure "Social Inclusion" is aimed at implementation of horizontal priority "Macroeconomic Stability”, especially taking into account the fact that within the framework of the measures, the planned investments are directed at promotion of the quality of public services, prevention of disability and development of rehabilitation services in order to reduce damages inflicted by
incapacity, and increase in population’s economical measures and efficiency in order to make contribution to increase of economic gross.

**Sustainable development**

568. Activities of the measure “Social Inclusion” will improve integration of persons with functional disorders and population groups that are subject to risk of social exclusion into labour market.

**Equal opportunities**

569. Specific activities are scheduled in the framework of the measure "Social Inclusion" in order to adopt principle of equal opportunities and uproot discrimination, i.e., a target group of almost all activities are people subject to risk of social exclusion, and the aim of the activities is full-fledged inclusion of all people in society. A set of activities contributes to the development of inclusive labour market, which in its turn diminishes stratification of society and increases person’s and society’s welfare.

570. Taking into consideration the fact that women and men are subject to various risks, some of the target groups may have explicit sex nature that will be evaluated, by defining specific project selection criteria, thus contributing to ensuring equal opportunities for women and men subject to social exclusion and full-fledged inclusion in society.

**Information society**

571. The measure "Social Inclusion" is directly contributing to information society development, providing specific activities, for instance, ICT training for people subject to risk of social exclusion, both improving skills of public service providers and accessibility of public services.

**International competitiveness of Rīga**

572. Activities of the measure “Social Inclusion” will be introduces in all territory of Latvia, including Rīga, by contributing to the capital’s development because it is business, science and cultural metropolis of the Baltic Sea region.

**Activities**


574. Objective: To provide efficient support to population groups which are subject to risk of social exclusion in order to increase their motivation and competitiveness in labour market, by ensuring support projects to improve integration opportunities for the unemployed of target group and economically inactive people in economically active age into labour market, for the unemployed of target groups of supported employment measures, as well as increase of motivation and programmes of employment contribution for long-term unemployed and economically inactive people in working age.

575. Target groups of measures: the representatives of population groups which are subject to risk of social exclusion, including the unemployed, especially long-term unemployed, the unemployed with addiction problems, the disabled unemployed, persons with threatened disability, economically inactive people, in particular young people without motivation to study or work, people with
sight and hearing disorders and insanity derangement, immigrants, persons who return to Latvia after spending many years abroad meet with difficulties in entering the labour market, prisoners and people released from prisons and jails.

576. Activity 2. Improvement of the working capacity evaluation system and the system of introducing social services.

577. Objective: Within the framework of this measure a risk to become disable will be reduced to persons with threatened disability, the support system for the disabled will be improved, reducing a risk of their social exclusion.

578. Target groups of measures: Disability examination institutions and their employees, institutions organizing supply of technical aid, providers of social and professional rehabilitation services and their clients - the disabled and persons with threatened disability.
Priority 4 “Administrative Capacity Building”

579. A priority which is aimed to reinforce the capacity of public administration institutions, increasing its efficiency and contribution to country’s economic and social prosperity, as well as to facilitate cooperation among public administration, social partners and nongovernmental organizations for development and introduction of a better, society’s needs-oriented policy.

Justification

580. Analysis of the current situation allows to identify the following strong and weak points, as well as threat and possibilities, which justify investments within the framework of this priority.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>• Advanced reforms have been introduced in many spheres of Public Administration</td>
<td>• Insufficient qualification of staff of the Public Administration</td>
</tr>
<tr>
<td>• Political planning system has been established and works in the Public Administration</td>
<td>• No single system for development of human capital and staff management has been introduced</td>
</tr>
<tr>
<td>• A dialogue between the state and municipalities has been improved and developed</td>
<td>• Incompletely coordinated and inefficient system of continuing education for the staff of Public Administration</td>
</tr>
<tr>
<td>• Cooperation structures with social partners and active work of Public organizations in regions have been established on the state level.</td>
<td>• Quality management system has not been introduced</td>
</tr>
<tr>
<td>• Several e-commerce elements have been developed in the Public Administration</td>
<td>• Incomplete tieback of policy development to long-term planning documents</td>
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<td></td>
<td>• Insufficient public involvement in public management processes</td>
</tr>
<tr>
<td></td>
<td>• There is no all-inclusive information about population’s satisfaction of public services</td>
</tr>
<tr>
<td></td>
<td>• Management of regions and municipalities has insufficient knowledge and skills of development planning</td>
</tr>
<tr>
<td></td>
<td>• Social partnership is not sufficiently developed</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threat</td>
</tr>
<tr>
<td>• Transition to middle term state budget planning</td>
<td>• Outflow of public sector employees of to other sectors, countries</td>
</tr>
</tbody>
</table>

HR_operational_programme Consolidated3; Draft Operational Programme „Human Resources and Employment”
• Identifying initiatives and priorities of the EU in the field of public management
• Participation in cooperation networks of public administration of the EU countries
• Exchange of experience with other countries and organization in the field of public management
• Support of the EU and other cooperation partners to improve the performance of the Public Administration

581. Increasing an efficiency of public management and strengthening of administrative capacity is one of the preconditions for stable, sustainable and well-balanced development. In the long run investments of the aforementioned fields give return, in a pattern of up-to-date, society's interests-oriented, efficient and transparent public management.

Objective of the Priority

582. Aim of the priority is to improve the capacity of public management, ensuring conformity of its activity to the highest quality standards and at the same time contributing to accessibility of provided services to wider society, as well as to facilitate cooperation among public administration, social partners and nongovernmental organizations for development and introduction of a better, society’s needs-oriented policy.

Description of Priority Measures

583. Two measures will be introduced within the framework of the priority. A measure “Better Adjustable Policy” includes such priority fields as budget and finance policy, industry and service policy, business policy, transport and communication policy, regional policy, public management policy, higher education, science and innovations, justice policy, and the effect of previously implemented policies will be assessed, and basing on the results of the assessment, system of political planning and introduction of policies will be improved. Besides, measures to reduce administrative obstacles will be carried out, as well as a promotion of the quality of public services and an improvement of efficiency and work quality of public management institutions, especially by supporting institutions providing tax administration and finance planning, and management and accountancy, provision of social services both in state and regional levels. In its turn, in the framework of a measure “Strengthening of Human Capital” not only institutions implementing public power will be improved but also human capital capacity of social partners and nongovernmental organizations, thus contributing to preparation of relevant human capital for work in public management institutions, and improving a management system of human capital of the Public Administration, as well as improving cooperation among nongovernmental organizations, social partners and institutions of public management.
Synergy

584. The priority is related to the support provided by ERDF for development of ICT, especially for development of country's and municipality's e-services.

Indicators

585. Outputs:

- Number of the supported public management institutions - 249;
- Number of the supported non-governmental organizations - 200;
- Number of the supported partner organizations - 61;
- Number of developed planning and management of human capital and IT systems - 1;
- Number of public management employees who completed retraining course - 6000.

586. Results:

- Growth of 10% in number of public management authorities, where quality management system has been introduced (base value in 2004 – x);
- Improvement of quality of services provided by public management (70-80%).
- Number of attracted specialists in regions and local area, who are working in municipality for 12 months after receiving the support (at least 50% out of total number of people who were supported – 190).
- Increase of 30% in the number of collective agreements (base value in 2004 - 30%).
Measure 4.1 “Better Regulation Policy”

Introduction

587. Increasing the efficiency of public administration is an essential precondition for stable, sustainable and balanced development of society.

588. The Lisbon Strategy and the Communication from the European Commission Better Regulation for Growth and Jobs in the European Union provide for the need to improve the administrative capacity of the public administration. Major fields of the better regulation policy are the following: increase of operation quality and efficiency of public administration institutions, improvement of public policy design system, policy impact assessment, reduction of administrative barriers and legislation regulation simplification.

589. In Latvia the public administration reform policy, employment and entrepreneurship facilitation policies are directly aimed at implementation of better regulation principles. The Strategy of Public Administration Reform, the Lisbon National Reform Programme of Latvia 2005-2008, the National Development Plan 2007-2013 as well as the National Strategic Reference Framework 2007-2013 are most significant documents that provide for priorities and activities in implementation of better regulation principles.

Objective of the Measure

590. The objective of the measure is to improve action policy design and implementation, increase operation quality and efficiency of public administration institutions as well as to foster availability of public services to inhabitants.

Justification of the Measure

591. Legal and institutional basis for development of the policy in the state is to be improved and developed basing on the former experience and administrative territorial reform. The research of the State Chancellery of 2005 on implementation of the policy design guidelines and the research carried out by the SIGMA experts on better regulation management capacity in Latvia established several problems to be solved:

- design and improvement of policy planning methodology ensuring balanced policy planning quality and improvement of the system of results and outputs;
- link of strategic planning and middle-term budget planning and their improvement in the involved institutions at national and regional level;
- increase of administrative capacity of all levels of public administration, social partners and non-governmental organization in the filed of action policy making;
- integration of systems of action policy making at national and regional level and territorial planning.

2 Report (Draft 6), on Regulatory Management Capacities in Latvia Prepared by Sigma (A joint Initiative of the OECD and the EU Principally Financed by the EU)
592. In order to better deal with the established problems in the field of better regulation, the priorities to be supported within this measure are the following:

- conducting policy impact assessments and research that are necessary for making new policies and impact assessment of the existent policies and that would ensure design and implementation of proof-based policy in such fields essential for development of science and national economy in Latvia as budget and finance policy, industrial and services policy, entrepreneurship policy, transport and communications policy, regional policy, public administration policy, higher education, science and innovation, and legal policy;
- evaluation and assessment of administrative burden and barriers in compliance with regular evaluation of business environment set forth in the Lisbon National Reform Programme of Latvia through elimination of administrative burden on the effective legislative acts and design of activity plans as well as improvement of public services putting emphasis on projects related to the following fields of policy: employment and social policy, state income, tax and their administration policy, research and technology development, innovation and production development policy, regional policy, public administration policy and legal policy;
- increase of operation quality and efficiency of public administration institutions through design of quality management system (QMS) and its implementation in public administration institutions, paying major attention to implementation of the QMS in institutions that ensure tax administration and financial planning, management and account, render services in the fields of entrepreneurship, employment and social policy both in state and regional revel.

**Target Groups of the Measure**

593. The target groups of the measure are direct public administration institutions, courts, institutions that have been delegated to carry out particular tasks of state authority, users of public services, entrepreneurs, regional local governments and amalgamated municipalities, NGOs and social partners.

**Framework of Planning Documents**

594. The measure has been planned in compliance with the investment policy Capacity Building of Public Administration and Social Partners, Introduction of the Principles of Better Regulation in the Public Administration within the priority Administrative capacity Building of the Operational Programme Human Resources and Employment of the National Strategic Reference Framework 2007-2013.

596. Better regulation policy issues at national level are regulated by the following policy planning and legislative acts:

- Public Administration Reform Policy 2001-2006;
- Guidelines for Policy Planning;
- Rules of Procedure of the Cabinet of Ministers;
- State Administration Structure Law;
- Administrative Process Law;
- Lisbon National Reform Programme of Latvia 2005-2008;

**Previous Assistance**

597. The former support form the EU structural funds was aimed at such fields as employment, education and gender equality, and was focused to restricted number of public administration institutions.

598. In the EU structural funds programming period of 2004-2006 the total funding allocated for labour market studies accounted for 4 363 895 LVL.

599. To increase operational quality and efficiency of public administration institutions through designing and implementation of the QMS the total funding allocated in the EU structural funds programming period 2004-2006 accounted for 715 814 LVL.

**Synergy**

600. Implementation of the measure will foster attainment of objectives within the operation programme *Human resources and Employment* related with administrative capacity building in public administration institutions. The measure complements planned support activities within sub-priority *Research and Evaluation Capacity Building in the Context of Regional Development* of priority supported by the Norwegian Financial Mechanism *Regional Policy and Development of Economic Activities*.

601. It is planned to direct the support of the EU structural funds towards implementation of policy research in national level that will be significant both in making new policies and evaluating implementation of existing policies. The support of the Norwegian Financial Mechanism is aimed at building research capacity and research at local and national level.

602. Implementation of measure will facilitate attainment of objectives planned within the operational Programme *Entrepreneurship and Innovations* for entrepreneurship promotion due to the fact that carried out research and development of measure plans on decrease of administrative burden of legal regulation and consequent activities in enhancement of business environment will leave positive impact on simplification of legislation and administrative procedures and availability of public services.
603. Implementation of research will allow policy makers in the national economy, science and administration sectors to make political decisions based on analysis and proof, that in its turn, will directly and indirectly facilitate attainment of all objectives set from in the operational programmes.

**Compliance with Horizontal Priorities**

**Balanced Territorial Development**

604. Balanced territorial development will be fostered within the activity *Increase of Quality and Efficiency of Public Institutions* through support to regional local governments and amalgamated municipalities and their institutions. During the project selection the following criteria will be taken into consideration: (1) number of service receivers; (2) frequency of service use.

**Macroeconomic Stability**

605. Implementation of measure will ensure achievement of objectives of the horizontal priority *Macroeconomic Stability* for investment within the Activity 2 is aimed at improvement of business environment through creation of favourable legal basis for investment and initiatives, fostering development of entrepreneurship and thus – increased employment. Planned training of parties involved in policy-making and policy research at national level will facilitate increase of legislation quality that directly influences both economic and social development.

**Sustainable Development**

606. Measure is not directly attributed to this horizontal priority; impact on environment assessment is not to be carried out.

**Equal Opportunities**

607. Planned research within the measure concerning assessment of decrease in administrative burden and barriers on the public services rendered to inhabitants and consequent support activities (training, consultation and society information) will indirectly foster attainment of objectives of the horizontal priority *Equal Opportunities*. Increase of information availability and quality will allow to increase understanding and knowledge of inhabitants and entrepreneurs on public sector services and their possibilities.

**Information Society**

608. Implementation of the measure will foster attainment of objectives within the horizontal priority *Information Society* due to the fact that within the Activity 1 training is envisaged on utilisation of ICT possibilities in policy-making and participation in policy-making process using ICT. Design and implementation of the quality management system is of major significance upon development and rendering of state and municipal e-services.

**International Competitiveness of Rīga**

609. The measure is not directly applicable.

**Activities**

611. Objective: To ensure design and implementation of policy complying with better regulation principles as well as development of action policy in the following fields significant to the growth of national economy: budget and finance policy, industrial and services policy, entrepreneurship policy, transport and communications policy, regional policy, public administration policy, higher education, science and innovation, legal policy simultaneously ensuring the intersectoral coordination of process.

612. Target groups: direct public administration institutions, courts, regional local governments and amalgamated municipalities, social partners, NGO.

613. Activity 2. Reduction of Administrative Barriers and Quality Improvement of Public Services.

614. Objective: to improve business environment and reduce administrative barriers to inhabitants through increased availability and quality of basic services provided by public administration.

615. Target groups: public direct administration institutions, courts, institutions that have been delegated to carry out particular tasks of state authority, regional local governments and amalgamated municipalities and their institutions, public services users (inhabitants, NGO, interest groups business entities).


617. Objective: to ensure common, strategic, effective and transparent approach to implementation of public administration processes through implementation of quality management system and improvement of public services quality, putting emphasis on institutions that ensure tax administration and financial planning, management and account, render services in fields of entrepreneurship, employment and social policy both at national and regional level.

618. Target groups: direct public administration institutions, courts, institutions that have been delegated to carry out particular tasks of state authority, regional local governments and amalgamated municipalities and their institutions.
Measure 4.2 “Capacity Building of Human Resources”

Introduction

619. Administrative capacity building is an essential precondition for stable and focussed development of public administration and social partners, ensuring more efficient development policies and achievement of objectives set by Latvia and the European Union.

620. Social dialogue in Europe is regarded an indispensable part of a democratic state and one of essential instruments for provision of stability and good relations in the labour market. The status of social dialogue in the European Union (EU) has been set forth in Articles 138 and 139 of the Treaty Establishing the European Community.

621. In Latvia the public administration reform policy as well as employment and entrepreneurship promotion policies are directly aimed at implementation of better regulation principles. The status of the social dialogue at national level is set forth in the Tripartite Agreement on Socio-Economic Partnership concluded on 1 October 2004 between the Government of the Republic of Latvia, Latvian Employers’ Confederation (LDDK) and the Free Trade Union Confederation of Latvia (LBAS), whose aim is to promote sustainable development of national economy of Latvia as economically powerful EU Member State and creation of favourable social environment through building a democratic civil society in Latvia and fair, transparent and successful public administration. Cabinet Regulation No 111 adopted on 12 March 2002 Rules of Procedure of the Cabinet of Ministers provide for vast possibilities of society participation in policy-making processes.

Objective of the Measure

622. The objective of the measure is administrative capacity building of all parties involved in design and implementation of all action policies in order to ensure active participation and representation of all interest groups in policy-making processes and to improve quality of decisions made.

Justification of the Measure

623. Previously due to divided human resources planning regulation and different human resources management principles in public administration, human resources management and remuneration planning and account was separated both institutionally and functionally. In order to improve procedures of human resources planning, recruitment and remuneration as well as carrier and training possibilities planning and employee motivation system, common labour system reform in the public sector has been initiated as well as implementation of competence approach in human resources management in the public administration started.

624. Competence approach has been implemented in the United Kingdom, the Netherlands, Ireland and Denmark; also in the EC common competence and behavioural model has been elaborated. Common human resources and remuneration system has been implemented or is being designed in almost all
states of the European Community: Austria, Finland, Greece, Ireland, Italy, Luxembourg and Spain. In Slovakia and Slovenia designing of such system has been initiated.

625. In the public sector, which employs more than 100 000 individuals, in compliance with the competence approach public administration human resources management is implemented as well as human resources plan designed simultaneously increasing application of information technologies that guarantee operative and objective information on the situation in the labour market as well as improvement of profession standard system, that, in its turn, is a precondition for study courses and continuing education planning.

626. The National Tripartite Cooperation Council, that associates representative of the Government of Latvia, LEC and FTUCL, ensure ability of social partners to participate qualitatively in decision-making process concerning issues significant to the national economy at national, EU and international level. Constantly increasing number of issues and function delegation require proper competences. The capacity of the LEC, whose members employ more than 25% of the Latvian labour force, and the FTUCL that associates trade unions of 24 different sectors and represents interests of 170 000 members of trade unions that account for 20% of all employees in Latvia, is insufficient due to comparatively low number of members and low level of representation. In comparison with the Old EU Member States, where collective agreements are concluded in average with 75% of the employed, in Latvia this indicator accounts for 30% and speaks of low capacity of interest representation.

627. Through promotion of establishment of new organization, organization of social partner could attract additional funding from membership fees that would allow these organizations to participate actively in the social dialogue with state and municipal institutions at national and regional level. Thus it is very important to facilitate development of bipartite and tripartite dialogue. In order to solve the previously mentioned problems, it is planned to aim the support at:

- capacity building of social partners on promotion of bipartite and bipartite dialogue at national and regional level, establishment of employer and trade union organizations, strategic planning and participation in state policy-making;
- expertise of social partners capacity building in participation in policy design and implementation in such sectors as national and EU employment, labour matters, social sector and education.

628. Of more than 8000 non-governmental organizations registered in the state about 60% are active. According to the information rendered by the Secretariat of Minister on Special Assignment in Society Integration Affairs (ĪUMSILS) at present representatives of non-governmental organizations participate in approximately 400 different work groups. Approximately 150 organizations follow the process of draft legislative acts discussion in meetings of secretaries

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3 Data from the State Chancellery and the World Bank research IT Systems for Management of Public Sector Institutions, Personnel and Remuneration and material on concept solutions.
4 Data of the European Foundation for the Improvement of Living and Working Conditions.
of State, but assessment on draft legislative acts are rendered approximately by 20 of them yearly.

629. In 2002 state and municipal subsidy accounted for 9.4% of the total income of NGO. In European states the state funding available to NGO ranges from almost 70% (the Netherlands, Belgium and Ireland) to 20-30% (states of the Central Europe and Eastern Europe\(^6\)). Although the possibilities rendered by the European Social Fund have created favourable situation for activities of non-governmental organizations in the field of social matters and budgets of NGO have increased considerably (Approximately 41% of organizations in 1999 operated with budget that did not exceed 1000 LVL, but in 2003 only 23% of organizations are in this category), funding of NGO is still insufficient.

630. In order to efficiently participate in policy design – to follow to the work of ministries and municipalities, to participate in document drafting work groups, to prepare assessments on draft documents, to participate in public discussions, NGOs need participatory resources: knowledge, experts (lawyers, political analysts) and technical provision. Significant factor for development of the sector is availability of varied funding.

631. In order to strengthen NGO participation capacity in policy-making, it is planned to aim activities at the following directions:

- activities to strengthen participatory capacity of NGOs working for public interests (subsidised expert jobs, in-service training in public administration institutions, technical support for participation);
- activities for NGO participation promotion in the EU cooperation networks;
- activities for NGO service harmonization with quality standards;
- activities for development of innovative services, that are not in the list of services provided by the state, but that satisfy the needs of clients;
- activities for implementation of society advocacy projects, proving interest of majority of society and need for such projects as well as pointing out, how such project would strengthen public administration policy-making capacity.

632. One of the functions of municipalities is to design the local government territorial development plan and territorial plan, ensuring implementation of development programs and administrative control and taking into consideration the interest coordination principle. Latvia lacks highly qualified specialists in the filed of planning (At present only 15 of 26 amalgamated municipalities (54%) have development programs and 11 amalgamated municipalities have elaborated spatial plans.). According to the Human Development Report 2004-2005, low administrative capacity of municipalities is deepened by shortage of such professional as lawyers, economists, financial specialists, HR professionals, spatial planners and project managers. Shortage of resources in provision of direct functions and tasks is major hampering factor that does not allow local governments to focus on development planning. Also evaluation of

\(^6\) Development of Civil Society in Latvia 2002-2003, SMSAEG.
inhabitants of municipalities concerning ability to influence development locally is low: on the scale of 10 - only 5.777.

633. In order to strengthen the administrative capacity of municipalities and to ensure attraction of qualified specialists, it is planned to focus the support both on training of employees of municipalities and on application of special instruments for attraction of new specialists for implementation of particular functions in regional municipalities, amalgamated municipalities and town municipalities, putting emphasis on spatial and development planning, and through development of support instruments together with the administrative territorial reform, it is planned to establish local municipalities (counties) able to develop economically. It is planned to focus the support on municipalities of republic cities and counties established in the result of reforms, as well as on regional (district) municipalities established on the basis of planning regions.

634. As one of activities concerning capacity building of NGO and municipalities, it is planned to support participation of organisation in implementation of the activities of the EU structural funds within the European Social Fund.

635. The Lisbon National Reform Programme of Latvia set forth increase of education and training possibilities (availability) as one of major activities. The formal education basis of employees working in the public administration is varied and in total complies with professional requirements of held positions. But the practice shows that due high personnel turnover and increasing requirements demand for specific training of public administration professionals is increasing. Research8 shows that understanding of public officials on policy planning system decreases among senior officials and specialists. The solution to the above problem is rendering of necessary methodical support and training provision to parties involved in policy design.

636. Continuing education of state civil servants is ensured by the Latvian School of Public Administration (LSPA) under supervision of the State Chancellery. Training is organised in Riga 77.5% of all courses)9 and in 10 regional training centres (22.5% of courses). In 2004 these courses were attended by 10 123 participants (in 9 months of 2005 – 7432 participants). As the total number of the civil servants employed in the civil service is more than 28 000, courses are available only to each third of fourth civil servant. LSPA courses are not available to social partners, employees of municipalities and non-governmental organisation participating in policy-making processes.

637. As the LSPA courses were developed and implemented in 2002, they require revisions and updates. It is also necessary to elaborate new training courses. For the LSPA capacity building and public administration professionals training it is planned to carry out the following activities:

- design and implementation of new training courses covering issues that are directly related with action policy design and implementation – strategic planning, policy impact assessment, system of results and outputs, qualitative and

7 Report on Capacity in Regions, 2005, UN Development Programme in Latvia, University of Latvia, SKDS
8 Assessment of Implementation of Policy Planning Guidelines, 2005, Nikolo Group, State Chancellery
quantitative methods of decision-making, project management, financial management and mid-term budget planning;

- expansion of training target groups including municipalities and social partners.

**Target Groups of the Measure**

638. Measure target groups are direct public administration institutions, courts, institutions that have been delegated to carry out particular tasks of state authority, social partners, non-governmental organizations, regional, amalgamated municipalities and republic city municipalities and higher and continuing education establishments.

**Framework of Planning Documents**

639. The measure has been planned in compliance with the investment policy Capacity Building of Public Administration and Social Partners, Introduction of the Principles of Better Regulation in the Public Administration within the priority Administrative capacity Building of the Operational Programme Human Resources and Employment of the National Strategic Reference Framework 2007-2013.


641. Better regulation policy issues at national level are regulated by the following policy planning and legislative acts:

- Public Administration Reform Policy 2001-2006;
- Lisbon National Reform Programme of Latvia 2005-2008;
- State Civil Service Law;
- Concept Paper on Common Remuneration System to Employees of Public Sector and related Cabinet Regulations;
- Rules of Procedure of the Cabinet of Ministers;
- Cooperation Memorandum between Non-governmental Organizations, and the Cabinet of Ministers;
- Guidelines for the Government Communication Policy;
- Law on Local Governments;
- Administrative-Territorial Reform Law;
- Regional Development Law;
- Territorial Planning Law.

**Previous Assistance**

642. The previous support of the EU structural funds was focused on strengthening both institutional and human resources capacity.
643. In relation to the social partners capacity building in the EU structural funds programming period 2004-2006 the total funding allocated for LDDK and FTUCL general capacity building accounted for 1 200 000 LVL.

644. The total funding of the ESF co-finance grant scheme to capacity building of non-governmental organizations and municipalities in the period 2004-2006 accounted for 600 000 LVL.

645. The total funding for human resources capacity building within the SPD priority *Technical Support* in the period 2004-2008 accounted for 501 653 LVL.

**Synergy**

646. The measure is related with the planned investment in ICT and the Internet use promotion measure as well as development of state and municipal e-services within the operational programme of the European Regional Development Fund and the Cohesion Fund *Infrastructure and Services*.

647. Implementation of measure will facilitate attainment of objectives within the operational programme *Human Resources and Employment*, that are related with improvement of availability and quality of public services as well as human resources development in public administration.

648. Measure activities that are aimed at public administration capacity building can facilitated implementation of planned activities within the European Agriculture Fund for Rural Development Thematic Axis 4 – *Increase of Average Employment and Diversification Possibilities* for improvement of local administration, creation of local partnership possibilities and promotion of private and public sector partnership.

649. The measure is partially aimed at attainment of the objectives of the „Development of Education” under the operational programme „Human Resources and Employment”.

650. Activity 2 within the measure complements the measure *Seed Money Facility* of the EEZ and Norway bilateral financial instrument, that is aimed at project design for support of the EEZ and Norway bilateral financial instrument.

**Compliance with Horizontal Priorities**

*Balanced Territorial Development*

651. Implementation of measure will leave direct impact on attainment of objectives within the horizontal priority *Balanced Territorial Development*, ensuring possibility to plan the necessary human resources for implementation of functions of public administration institutions. Within the activity *Support to Attraction of Specialists to Regional and Amalgamated Municipalities* the regional municipalities and amalgamated municipalities will be supported. Upon rendering support to regional municipalities, preference will be given to regional municipalities beyond the Rīga Region. But support to amalgamated municipalities will be rendered in two stages: (1) until 2009 all amalgamated municipalities will be supported that will be established at the moment of tender announcement, additionally preferring municipalities with larger number of
inhabitants as well as taking into consideration topicality and significance of problems stated by municipalities; (2) after 2009 the remaining established amalgamated municipalities will be supported, that include district cities but are not centres of districts, additionally preferring municipalities with larger number of inhabitants and taking into consideration topicality and significance of problems stated by municipalities.

Macroeconomic Stability

652. Quality of policy-making process and reasonability of decisions made are factors that influence economic and social stability and development both in national and regional level. Thus the major attention is paid to capacity building of municipality employees and social partners as well as policy design and implementation improvement as one of factors influencing the macroeconomic stability within this measure.

Sustainable Development

653. This measure is not directly applicable to sustainable development; impact assessment on environment is not to be carried out.

Equal Opportunities

654. Through implementation of activities within the measure, all organization and persons, that directly or indirectly are involved in policy-planning process support measure will be given opportunity to receive varied support. Acquired knowledge will positively influence clients and ensure free and immediate information exchange taking into consideration interests of different social groups. The above will facilitate understanding of inhabitants and entrepreneurs on public sector services and policy planning process and its significance. The acquired knowledge and experience will be considerable support in order to develop and implement gender equality aspect evaluation index in municipalities and to facilitate integration of gender equality issues in the budget development.

Information Society

655. Implementation of measure will directly facilitate attainment of objective within the horizontal priority Information Society. Implementation of common human resources management IT system within the Activity 1 will ensure availability and acquisition of operative and qualitative information and its exchange between institutions through use of proper computer systems. Application of common technological solution and provision of proper technical basis will eliminated non-compatibility of IT systems in different institutions as well as inefficient use of time, human and material resources both in IT system development and preparation of reports and information.

656. Through provision of support to social partners and NGO and increasing their participation possibilities in policy design and implementation, it is possible to ensure more extensive representation of interests in policy design process and increased level of society awareness.

657. Provision of qualitative training complying with needs of public administration in regions is major factor in balanced development of public administration human resources.
International Competitiveness of Riga

658. Is not directly applicable.

Activities


Objective: to ensure implementation of competence approach in management processes of public administration human resources as well as to ensure design and implementation of human resources planning and management IT systems.

Target groups: public administration institutions and institutions financed from the state budget.


Objective: to promote development of regional social dialogue and increase participation possibilities of social partners in action policy design and implementation, to achieve active and qualitative participation of non-governmental sector in decision-making process and provision of public services as well as in implementation of activities financed by the EU structural funds.

Target groups: Free Trade Union Confederation of Latvia, Latvian Employers’ Confederation, non-governmental organizations, regional, amalgamated municipalities and town municipalities.


Objective: to ensure continuing education to employees of institutions implementing state power, to facilitate training of specialists complying with requirements of public administration as well as to facilitate attraction of new specialists in regions and locally.

Target groups: direct public administration institutions, courts, institutions that have been delegated to carry out particular tasks of public administration institutions, regional, town and amalgamated municipalities and regional administration institutions.
Priority 5 “Technical Assistance”

668. Within the framework of the priority, support will be granted to ensure the management functions of the programme.

Justification of the Priority

669. The analysis of the current situation allows for identification of the following strong and weak points, as well as threats and opportunities that act as justification for investments within the framework of this priority.

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• An operational ESF management system has been developed for 2004 – 2006.</td>
<td>• The unwieldy nature of the ESF management system – lengthy appraisal of project applications, payment delays</td>
</tr>
<tr>
<td>• High levels of funding attracted to projects and satisfying progress of payments</td>
<td>• Insufficient qualification of employees, inadequate number of highly qualified employees and extensive workload of qualified employees in institutions involved in the ESF management.</td>
</tr>
<tr>
<td>• High activity of project applicants</td>
<td>• Poorly prepared projects, frequent changes in approved projects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Growth of overall public administration capacity</td>
<td>• Inadequate administrative load and “bottlenecks” in institutions involved in the management of ESF when the amount of financing to be absorbed increases and two programming periods overlap</td>
</tr>
<tr>
<td>• Application of best practices, introduced in the management of ESF, to the management of other public financial resources</td>
<td>• Staff turnover in institutions involved in the management of ESF</td>
</tr>
<tr>
<td></td>
<td>• The effect of increased costs and other external factors on the implementation of ESF projects</td>
</tr>
</tbody>
</table>

670. To improve ESF management, ensure its streamlining, efficiency and at the same time the reliability of the management system, it is necessary to provide for technical assistance to ensure programme management functions, as well as implement support functions.

Objective of the Priority

671. To strengthen efficient and sound management of the Operational Programme.

Measures of the Priority
672. A measure “Support for the Management of the Operational Programme “Human Resources and Employment”” will be implemented within the framework of the priority. It will finance costs directly connected with ensuring the programme management functions - preparation of programmes/projects, selection, management, control, record keeping, monitoring, evaluation. This measure will also finance costs connected with support measures for programme management functions - implementation of training, seminars, information and publicity, evaluation.

Synergy

673. The priority is connected with the OP “Human Resources and Employment” co-financed priority “Administrative Capacity Building” within the framework of which the consolidation of administrative capacity in the public administration has been planned.
Measure 5.1 “Assistance for the Management of the Operational Programme „Human Resources and Employment””

Introduction

674. For the successful absorption of EU Structural Fund assets earmarked for Latvia, it is essential to increase the capacity of institutions involved under the management of EU Structural Funds. For this purpose there is a separate priority developed in the OP for building administrative capacity in public administration institutions involved in the management process of Structural Funds.

Objective of the Measure

675. The objective of the measure is to support effective and reliable management, implementation, monitoring, evaluation and control of the operational programme “Human Resources and Employment”.

Justification and Description of Measure

676. The measure has been created to support institutions involved in the management of Structural Funds and ensure efficient and relevant Structural Fund management. Taking into account that relevant and efficient implementation of Structural Funds largely depends on the quantity and qualifications of human resources involved in Structural Fund management, support measures should also be provided for the increase of human resource capacity in institutions involved in Structural Fund management.

677. 2006. A survey conducted at the beginning of 2006 in institutions involved in Structural Fund management, found that during 2005 institutions involved in Structural Fund management have seen an average 12% staff turnover against the current number of employees. Furthermore, if it is taken into consideration that new employees vis-à-vis current employees account for 24.5% and not all of the planned positions were filled, the number of new employees in 2005 would be 44.4%. The aforementioned situation in institutions involved in Structural Fund management shows that the implementation of target-oriented and coordinated training and development measures for current and new employees, when they become specialists in Structural Fund-related fields, is one of the main factors for successful management and implementation of Structural Funds in Latvia. Along with strengthening the capacity of new employees, additional assistance must be granted to institutions that have not so far been involved in the management of Structural Funds.

678. In addition, for the competition in employee attraction between the institutions in the management and implementation of EU Structural Funds to be based on the specifics of the field and not on basic motivators, thus ensuring a more efficient use of human resources for implementing EU Structural Funds in Latvia in the long-term, this measure will provide equal opportunities for the institutions involved in Structural Fund management to carry out measures that develop human resources.

679. By implementing the aforementioned activities, the efficiency of institutions involved in the administration of Structural Fund financed measures will be improved due to the increased possibility of attracting relevant specialists and
be able to compete on the labour market, as well as ensure the necessary management, control and monitoring mechanisms of Structural Funds.

**Target Groups of the Measure**

680. The target groups of the measure are public administration institutions involved in the Structural Fund management.

**Framework of Programming Documents**

681. Article 44 of the draft Council Regulations laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund stipulates that technical assistance resources of the Funds may finance the preparatory, management, monitoring, evaluation, information and control activities of operational programmes together with activities to reinforce the administrative capacity for implementing the Funds. Since Latvia is in a convergence region, the financing amount of technical assistance should not exceed 4% of the total financing allocated by the funds.

**Previous Assistance**

682. In 2004 – 2006 programming period, funding of LVL 15.88 was allocated within the framework of the Single Programming Document under Priority “Technical Assistance”. Within this framework, support has been envisaged for the provision of fund management functions for institutions involved in Structural Fund administration, as well as for covering indirect Structural Fund management costs. The support was received by the Managing Authority, Paying Authority, 10 First Level Intermediate Bodies, 4 Second Level Intermediate Bodies and 4 Grant Scheme Managers.

**Synergy**

683. The measure “Assistance for the Management of the Operational Programme “Human Resources and Employment”” is complementary with the measures in the priority “Administrative Capacity Building” in the OP “Entrepreneurship and Innovations”. Within the framework of the priority “Administrative Capacity Building”, assistance schemes have been designed for strengthening the capacity of public administration institutions, while the measure “Assistance for the Management of the Operational Programme “Human Resources and Employment”” envisages co-financing to ensure Structural Fund management functions in OP “Human Resources and Employment” in institutions involved in Structural Fund management.

684. The measure is also complementary with the priority “Technical Assistance” under OP “Entrepreneurship and Innovations”, the priority “Technical Assistance” of OP “Infrastructure and Services” and the measure “Technical Assistance” of priority “Large Scale Infrastructure”.

**Compliance with Horizontal Priorities**

**Balanced Development of Territories**

685. The measure does not concern this area.

**Macroeconomic stability**
686. The measure will have a favourable effect on macroeconomic stability. By financing the provision of Structural Fund management functions from the resources of EU funds the expenditures of the state budget are reduced.

Sustainable development

687. The measure does not concern this area.

Equal opportunities

688. Within the framework of the measure it is envisaged to support employees of public administration institutions regardless of their gender, race, ethnical origin, religion or beliefs, disability, sexual orientation or age.

Information society

689. Taking into account that an essential part of Structural Fund management is the provision of high quality and timely information to beneficiaries, institutions involved in Structural Fund management and the society as a whole, the measure will have a favourable effect on the development of an information society.

International competitiveness of Rīga

690. The measure does not concern this area.

Activities

691. Activity 1. Ensuring direct management functions of the programme (incl. support for the preparation of programmes/projects, selection, management, control, record keeping, monitoring, evaluation).

692. Objective: Support the institutions involved in programme management by ensuring management functions, financing remuneration for employees, pay for experts involved in the performance of direct management functions (for example, project evaluation experts, auditors etc.), as well as cover costs related to direct programme management processes (work places, organisation of project evaluation committees etc.).

693. The target group of the activity: public administration institutions involved in the management, implementation, evaluation and control of the OP “Human Resources and Employment”.

694. Activity 2. Ensuring support functions of the programme (incl. support for training, research and evaluations, information and publicity measures, seminars and conferences, specific examinations/consultations).

695. Objective: To provide assistance to the programme management bodies performing support functions by financing various services of an ad-hoc nature (evaluation, training, researches, conferences, examination of legal issues etc.) using public procurement procedures.
696. The target group of the activity: public administration institutions involved in the management, implementation, evaluation and control of the OP “Human Resources and Employment”.
5. **Financial Plan**

Table 18: Financing plan of the operational programme detailing the annual allocations of each fund in the operational programme

<table>
<thead>
<tr>
<th>Year</th>
<th>Structural Funds (ERDF or ESF)</th>
<th>Cohesion Fund</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>53 288 290</td>
<td>0</td>
<td>53 288 290</td>
</tr>
<tr>
<td>2008</td>
<td>57 127 240</td>
<td>0</td>
<td>57 127 240</td>
</tr>
<tr>
<td>2009</td>
<td>61 148 998</td>
<td>0</td>
<td>61 148 998</td>
</tr>
<tr>
<td>2010</td>
<td>65 262 159</td>
<td>0</td>
<td>65 262 159</td>
</tr>
<tr>
<td>2011</td>
<td>69 283 917</td>
<td>0</td>
<td>69 283 917</td>
</tr>
<tr>
<td>2012</td>
<td>73 397 078</td>
<td>0</td>
<td>73 397 078</td>
</tr>
<tr>
<td>2013</td>
<td>77 510 240</td>
<td>0</td>
<td>77 510 240</td>
</tr>
<tr>
<td>Total 2007-2013</td>
<td>457 017 922</td>
<td>0</td>
<td>457 017 922</td>
</tr>
</tbody>
</table>

* Financial information included hereby and further in the document is based on the letter No 00635 of 23.01.2006 by the European Commission and the Decision on the distribution of finance of 18 April 2006 adopted by the Cabinet of Ministers.

Table 19: Financial plan of the programming period detailing financial allocations from each fund, national co-finance and co-financing rate for priorities under the operational programme

<table>
<thead>
<tr>
<th>Priority</th>
<th>Community Funding (a)</th>
<th>National co-finance (b) = (c) + (d)</th>
<th>Indicative breakdown of the national co-finance</th>
<th>Total funding (d) = (a)+(b)</th>
<th>Co-financing rate (e) = (a)/(d)</th>
<th>For information</th>
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<tbody>
<tr>
<td>Priority 1 “Improving Quality of Education and Development of Science” (ERDF)</td>
<td>255 345 710</td>
<td>45 061 008</td>
<td>45 061 008</td>
<td>300 406 718</td>
<td>85%</td>
<td>EIB Funding from other sources</td>
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<td>Priority 2 “Promotion of Employment and Public Health Measures” (ERDF)</td>
<td>134 193 860</td>
<td>23 681 269</td>
<td>23 681 270</td>
<td>157 875 130</td>
<td>85%</td>
<td></td>
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<tr>
<td>Priority 3 “Promotion of Social Inclusion” (CF)</td>
<td>22 787 635</td>
<td>4 021 347</td>
<td>4 021 347</td>
<td>26 808 982</td>
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<tr>
<td>Priority 4 “Administrative Capacity Building” (ERDF)</td>
<td>26 410 000</td>
<td>4 660 588</td>
<td>4 660 589</td>
<td>31 070 589</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>Priority 5 “Technical Assistance” (CF)</td>
<td>18 280 717</td>
<td>3 226 009</td>
<td>3 226 009</td>
<td>21 506 726</td>
<td>85%</td>
<td></td>
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<tr>
<td>Total</td>
<td>457 017 922</td>
<td>80 650 223</td>
<td>80 650 223</td>
<td>537 668 145</td>
<td>85%</td>
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79 Co-financing rate defined on the basis of the total eligible expenditure (e)
Table 20: Breakdown of the Community funding by category for Operational Programme 1 (Euro)

<table>
<thead>
<tr>
<th>Dimension 1</th>
<th>Priority themes</th>
<th>Dimension 2</th>
<th>Type of funding</th>
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<th>Area</th>
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<td>Code*</td>
<td>Co-finance**</td>
<td>Code*</td>
<td>Co-finance**</td>
</tr>
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<td>01</td>
<td>326 519 322</td>
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<tr>
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<td>80</td>
<td>1 330 385</td>
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<td>32 812 960</td>
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<td>Total</td>
<td>457 017 922</td>
<td>Total</td>
<td>457 017 922</td>
</tr>
</tbody>
</table>

* Categories pursuant to the standard classification.

** Estimated amount of the Community funding.
6. ADMINISTRATIVE FRAMEWORK

697. Pursuant to the Concept Paper on Planning and Management Systems of the EU Structural Funds and Cohesion Fund in Latvia 2007-2013, approved by the Cabinet of Ministers on 18 October 2005, the concentration model has been chosen for the management of Structural Funds and the Cohesion Fund in Latvia for the 2007-2013 programming period. It provides for the continuity of management systems of Structural Funds for the 2004-2006 programming period by maintaining a single Managing Authority, a single Paying Authority, and a single Monitoring Committee. In comparison with the 2004-2006 programming period, the number of Intermediate Bodies is optimised by abandoning the principle of having Second Level Intermediate Bodies. Therefore, the institutional framework of the management of Structural Funds and the Cohesion Fund for the period of 2007-2013 contains both the elements of continuity, which were successful during the implementation of the Structural Funds, and improves the main shortcomings of the management systems for the 2004-2006 programming period.

698. The following institutions are involved in the management of Structural Funds and the Cohesion Funds:

- Ministry of Finance as the coordination body of the NSRF and Managing Authority of OP,
- State Treasury as the Paying Authority,
- Line Ministries (Ministry of Education and Science, Ministry of Welfare, State Chancellery, Ministry of Health) as Intermediate Bodies according to their policy sectors,
- State Treasury as the Certifying Authority,
- Ministry of Finance as the Auditing Authority.


700. For implementation of Structural Funds and the Cohesion Fund, the Managing Authority draws up a unified legislative framework in order to provide for a unified and uniform implementation of the Structural Funds and the Cohesion Fund. It is planned to draft a Law on the Management of the Structural Funds and the Cohesion Fund which will define the management of Funds in Latvia, as far as it is not stipulated by EU legislative acts. The Managing Authority is also working on a number of secondary legislative acts – Cabinet of Ministers Regulations (CM Regulations).

701. The planning regions are involved in the implementation of the Structural Funds and the Cohesion Fund (inter alia in working groups drafting tender documentation, as
well as in project appraisal), thus ensuring compliance with the principle of partnership, as well as enforcing the needs of the planning regions by taking into account typical development trends and development potential.

6.1. **INSTITUTIONS INVOLVED IN THE MANAGEMENT OF FUNDS**

*Managing Authority*

702. The Managing Authority, in cooperation with Intermediate Bodies and consulting social, non-Governmental and regional partners, develops the National Strategic Reference Framework and Operational Programmes, thus ensuring compliance with the principle of partnership during the preparation of programming documents, as well as ensuring inter-sectoral coordination between the interventions of the Structural Funds and the Cohesion Fund. In addition to preparation of the programming documents as provided by the legislative acts of the European Community, the Managing Authority also ensures the preparation of the Programme Complement for the Operational Programmes which is approved by the Cabinet of Ministers. The Programme Complement for the Operational Programmes lays down the eligible expenditures of the activities, the type of assistance, the beneficiaries, funding plans with breakdowns by activities and years, implementation provisions of the activities, monitoring indicators at the measure level.

703. The Managing Authority also provides for the development and maintenance of the single Management Information Systems (MIS) of the Structural Funds and the Cohesion Fund.

704. The Managing Authority performs the following additional functions:

- ensure organisation of evaluation,
- provide all the necessary information for the Certifying Authority on the procedures and verifications carried out in relation to expenditure for the purpose of certification,
- manage the Monitoring Committee and ensure monitoring of the Operational Programmes,
- draw up annual and final reports,
- ensure compliance with information and publicity requirements,
- provide the European Commission with information on large-scale projects.
- The Ministry of Finance performs the functions of the Managing Authority.

*Paying Authority*

705. The Paying Authority carries out payments to the Final Beneficiary. It also checks the payments and the advance payments received from the European Union.

706. The State Treasury performs the functions of the Paying Authority.

*Intermediate Bodies*
707. The Intermediate Bodies represent a set of functions performed by a responsible body or the responsible body in conjunction with a cooperation body.

708. It is planned that during the programming period of 2007-2013 the Intermediary Bodies will perform the following functions:

- draw up the Operational Programmes within sectoral competences (analysis, strategy, priorities, measures, etc.),
- draw up the implementation provisions (criteria, eligible expenditure, applicable activities, etc.),
- perform financial planning,
- perform monitoring functions at the measure level,
- selection and approval of projects,
- management of project implementation, entering into agreements, monitoring implementation thereof,
- perform control and on-the-spot checks,
- check and authorise payment requests, prepare expenditure declarations,
- information and publicity measures at the level of priorities and measures.

709. Functions 1-4 are performed by the Intermediate Body itself, however, implementation of the functions 5-9 may delegated to an Implementing Body.

710. Other functions of the Intermediate Body, taking into consideration the scope of functions delegated to an Implementing Body are the following:

- verify compliance of the goods and services delivered and costs,
- ensure electronic recording of accounting data on every project, as well as the necessary information for financial management, monitoring, control and evaluation,
- ensure that the Final Beneficiaries or institutions which ensure implementation of Operational Programmes use separate accounting systems,
- ensure documentation storage.


Audit Authority

712. The Audit Authority verifies efficient functioning and compliance of the Management and Control Systems of the Operational Programme:

- lays down requirements for audits carried out in the systems of the Intermediate Bodies, the Managing Authority and the Certifying Authority and organise audits by verifying that the Management and Control Systems of the Operational Programme comply with requirements laid down in the legislative acts of the EC and the legislation of the Republic of Latvia.
- verifies the effective functioning of the Management and Control Systems of the Operational Programmes and its compliance during the implementation process of Operational Programmes,
- verifies eligibility of expenditures,
- presents to the European Commission an audit strategy covering the bodies which will perform audit on effective functioning and compliance of the systems and will verify compliance of expenditures, the method to be used, the sampling methods to be used for audit of expenditures and the indicative planning on audits and controls,
- prepares and presents to the European Commission:
  - an annual control report on the Management and Control System,
  - an annual opinion on the effective functioning and compliance of the Management and Control System,
  - a closing expenditure declaration together with final report on the Management and Control System,
- ensures that audit is carried out in compliance with internationally recognised audit standards.

713. The Ministry of Finance performs the functions of the Audit Authority.

Certifying Authority

714. The Certifying Authority certifies the statements of expenditure to the European Commission:
- drawing up and submitting to the European Commission expenditure declaration in electronic form,
- certifying that the information included in the expenditure declaration is correct, based on verifiable supporting documents, as well as it results from reliable accounting systems,
- certifying that the declared expenditure complies with European Union and national legislation, and that the expenditure has been incurred within the scope of the respective projects,
- ensuring that the received information on the procedures and verifications carried out is adequate for certification of expenditure,
- for the purpose of certification evaluates results of all audits and verifications carried out by the Audit Authority,
- providing records of the requested expenditures in electronic form to the European Commission,
- keeping an account of recoverable amounts, repaying to the European Commission, where possible, by deducting them from the next statement of expenditure to the EC.

715. The State Treasury performs the function of the Certifying Authority.

6.2. IMPLEMENTATION

716. Implementation of projects co-financed by EU Structural Funds and the Cohesion Fund is to be applied the following horizontal principles:
- The principle of simplification: appraisal of a project application and a decision on providing assistance for project implementation within the scope of the Cohesion Fund and Structural Funds is adopted by a single authority;
The principle of effectiveness: the time period from submission of an application until adoption of a decision on the project approval must not exceed three months, except for large-scale projects.

**Project Selection**

717. In the programming period of 2007-2013 the following two schemes are planned for the selection of projects for co-financing from Structural Funds and the Cohesion Fund:

- closed project selection procedure,
- open call for applications,
- large-scale project.

718. As regards the closed procedure as a selection method of projects co-financed by the Cohesion Fund and Structural Funds, it is a method of project selection developed by the Line Ministries for implementation of policy within an established area of investments for a restricted range of beneficiaries.

719. The open call for applications as a selection method of projects co-financed by Structural Funds provides for competition among project applications, as a result of which projects to be co-financed by Structural Funds are selected.

720. The OP Programme Complement, which is to be approved by the Cabinet of Ministers, lays down the implementation method applicable for the OP activities.

**Closed Project Selection Procedure**

721. The Managing Authority draws up the Cabinet of Ministers Regulations on project selection within the closed procedure, providing unified criteria for project selection. (1). The Cabinet of Ministers approve the drafted CM Regulations (2).

722. The Intermediate Body establishes a working group which develops an activity implementation scheme (3).

723. The Intermediate Body shall develop the project selection criteria (4), which shall be submitted to the Managing Authority. The Managing Authority shall forward it to the MC for approval (5).

724. The Intermediate Body draws up a draft Cabinet of Ministers Regulation on the implementation of the specific activity (6).

725. After drawing up the draft Regulation of the Cabinet of Ministers on the implementation of operation, the Intermediate Body submits it for announcement to the Meeting of State Secretaries (MSS), where the Managing Authority and other Line Ministries the draft CM Regulations. The Intermediate Body submits to the Cabinet of Ministers for approval the a draft CM Regulation (7).

726. The Intermediate Body invites a closed group of potential tenderers to submit their project applications.

727. SF/CF beneficiary develops a project (8) and submits it to the Intermediate Body. The Intermediate Body approves the project (9) and enters into an agreement with the beneficiary (10).

728. In the event of large-scale projects, the Intermediate Body presents the project to the Managing Authority (11) who forwards it to the European Commission (12). The
European Commission approves the large-scale project (13) and the Intermediate Body enters into an agreement with the beneficiary (10).

**Figure 15: Project Selection Scheme for Closed Procedure**

*Open Calls for Project Applications*

729. The Intermediate Body draws up draft Cabinet of Ministers Regulation on the implementation of activity (1).

730. The Intermediate Body submits the project selection criteria included in the draft Cabinet of Ministers Regulation to the Managing Authority for approval at the MC. The MC approves the project selection criteria (2).

731. After approving the criteria at the MC, the Intermediate Body forwards the draft Cabinet of Ministers Regulation for approval to the Meeting of State Secretaries, where the Managing Authority and other Line Ministries provide opinions on the draft Cabinet of Ministers Regulation. The Intermediate Body submits to the Cabinet of Ministers for approval the agreed draft Cabinet Regulation (3).

732. After approval of the Cabinet of Ministers Regulation Intermediate Body announces an open call for applications (4).

733. The Intermediate Body establishes an Evaluation Commission for the open call for applications (5). The Evaluation Commission evaluates the projects (6), after which a decision on providing funding for projects (7) is made.

734. The Intermediate Body enters into an agreement with the beneficiary on implementation of an open call project (8).
Figure 16: Project Selection Scheme for Selection at Open Calls for Project Applications

Project Implementation

735. The Managing Authority draws up draft Cabinet of Ministers Regulations on the requirements for standard agreements (1). The Managing Authority forwards the draft Cabinet of Ministers Regulation for approval to the Meeting of State Secretaries, where the other Line Ministries provide opinions on the draft CM Regulation. The Managing Authority submits the agreed draft CM Regulation for approval by the Cabinet of Ministers. The Cabinet of Ministers approve the CM Regulations on the basic requirement for standard agreements (2).

736. The Intermediate Body draws up a standard agreement (3), based on which it enters into an agreement with the beneficiary (4).

737. The beneficiary implements the project (5). The beneficiary carries out a procurement procedure and ensure the procurement process is in compliance with national legislation. The beneficiary enters into a contract with a contractor on works, supplies or services, and ensure operational monitoring of the implementation of projects in accordance with contracts concluded.
738. The European Commission makes an advance payment (2), the Paying Authority accounts the advance payments (1).

739. The Beneficiary fulfils the preconditions before receiving an advance payment (3) and informs the Intermediate Body, after which the Intermediate Body carries out control on preconditions for receiving an advance payment (4). The Intermediate Body plans an advance payment to the Beneficiary in the budget and makes an advance payment to the Beneficiary (5).

740. The Beneficiary makes a payment to the Contractor (or to the aid applicant) (6). The Contractor receives the payment (7). The Beneficiary prepares a payment request for funding from the SF/CF and submits it to the Intermediate Body (8).

741. The Intermediate Body reviews the payment request for funding from the SF/CF (9), approves the amount of the assigned expenditures and prepares the payment order, by deducting already made an advance payments (10). The Intermediate Body sends the payment order to the Paying Authority (11). The Paying Authority makes a payment to the Beneficiary (12).

742. The Intermediate Body prepares a statement of expenditure and send it to the Managing Authority for verification (13). The Managing Authority verifies the statement of expenditure and send it to the Certifying Authority (14) which certifies the expenditures (15).

743. The Certifying Authority submits the statement of expenditure to the European Commission. The European Commission makes a payment to the state budget (16). The Paying Authority accounts the received payments (17).
6.3. MONITORING

The aim of monitoring is to ensure regular control of the implementation of the Cohesion Fund and Structural Funds in compliance with the priorities and aims provided at the OP. Monitoring of Operational Programmes will ensure implementation quality and efficiency by evaluating the financial and physical progress as defined in the OP and on implementation progress on programme.

In order to ensure effective use of funds from Structural Funds and the Cohesion Fund, the Managing Authority establishes a monitoring system of implementation of the OP and draw up a monitoring and evaluation plan.

In order to ensure regular monitoring and analysis of indicators specified in the OP, the Managing Authority, in cooperation with the Intermediate Body, develops evaluation indicators for the programme. The OP lays down outcome and result indicators at the priority level. In order to collect the necessary information, the OP Complement shall lay down outcome and result indicators at the level of measures.

Monitoring of the OP begins at the lowest - project level. The basic element of the analysis is the project, where the necessary information for monitoring is collected. Information on projects is collected by illustrating the activities of the implementation progress at the operational, priorities and the OP level.

Monitoring Committee
748. In accordance with Clause 65 of the draft Council Regulation which lays down the general provisions of the European Regional Development Fund, the European Social Fund and the Cohesion Fund, the Monitoring Committee of the OP is established at most three months after approval of the Operational Programme.

749. In accordance with the Concept Paper on Management and Control Systems of EU Structural Funds and the Cohesion Fund in Latvia for the 2007-2013, a single Monitoring Committee is established for all the Operational Programmes. The Rules of Procedure of the Monitoring Committee shall be approved by the Cabinet of Ministers. The Monitoring Committee is chaired by the Head of the Managing Authority, and it consists of a member from the Managing Authority, Paying Authority, Intermediate Body, Implementation Bodies, Audit Authority, Certifying Authority. Members from regional, non-governmental (those working with such issues as environmental protection, equal opportunities, information society and others), economic and social partners (Free Trade Union Confederation of Latvia, Latvian Employers’ Confederation), as well as members from the Ministry of Agriculture, Ministry of Foreign Affairs, Saeima Commission of European Affairs participating as observers at the Monitoring Committee. Members from the European Commission and international financial institutions also participate in the work of the Monitoring Committee.

750. The Monitoring Committee may decide on establishing a sub-committee for a specific Fund.

751. The Monitoring Committee verifies the efficiency and quality of implementation of the OP. For these reasons the Monitoring Committee is obliged to carry out the following tasks:

- periodically review progress made towards achieving the specific targets of the OP and examine the achieved results;
- examine achieved targets at the priority and operational levels;
- review and approve proposals for amendments to the OP;
- approve the criteria for project appraisal under each measure;
- review and approve annual and final reports before sending them to the European Commission;
- be informed of the annual control report or part of the report and of any relevant comments made by the Commission;
- approve the Communication Strategy of the management of Funds;
- approve the monitoring and evaluation plan.

Management Information System

752. In order to provide an effective monitoring system in Latvia, an information system for management of the Structural Funds and the Cohesion Fund – MIS is to be established, which is one of the mechanisms implementing the monitoring of the Structural Funds and the Cohesion Fund. In order to ensure operational information flow, the Managing Authority is responsible for the development and maintenance of the MIS.

753. The aims of using the MIS are as follows:

- to store information on activities funded by the EU Structural Funds/Cohesion Funds;
to make account of the payments made by the EU Structural Funds/Cohesion Funds within the scope of the funded projects;
- to store information on the implementation of monitoring indicators;
- to carry out electronic information exchange with the Commission, carry out data processing by making different reports etc.

754. The MIS is used to store information on financial indicators (invested and disbursed amounts), as well as implementation impact indicators (outputs, results and impacts).

Arrangement of the Monitoring Process

755. In order to ensure circulation of operational information, the Beneficiary ensures data collection on the progress of the project and its submission to the relevant Intermediate Body (1). The Intermediate Body checks the information received from the Beneficiary and enters information on project implementation into the MIS(2). The Intermediate Body analyses problems encountered throughout implementation of the Funds and provide suggestions to the Managing Authority on improvements of the implementation of SF/CF projects. The Managing Authority reviews the information received from the Intermediate Body and evaluate the use of Funds in compliance with the priorities and targets specified at the OP and the NSRF (3). The Managing Authority sends the above-mentioned information, together with the evaluation of use of Funds, to the Cabinet of Ministers and the Commission (EC) (4,5).

756. The Managing Authority ensures the organisation and management of the MC (6). The Managing Authority prepares and submits an annual report on the implementation of the OP (7) for the approval by the MC. The MC approves the annual report on the implementation of the OP (8) and the Managing Authority submits it to the Commission (9).

757. Based on the monitoring information, the Managing Authority prepares a report on the implementation of the NSRF (10). After approval has been received from the Cabinet of Ministers (11), the Managing Authority submits the report on implementation of the NSRF to the Commission (12).

Figure 19: Monitoring Process
6.4. Evaluation

758. In accordance with Article 45 of the draft Council Regulation which lays down the general provisions of the European Regional Development Fund, the European Social Fund and the Cohesion Fund, the aim of evaluation is to improve the quality, effectiveness and consistency of the assistance from the Funds and the strategy and implementation of Operational Programmes with respect to the specific structural problems affecting the Member States and regions concerned, while taking into account the objective of sustainable development and the relevant Community legislation concerning impact and strategic environmental assessment.

759. In order to achieve the aims of the evaluation and ensure transparency of the evaluation process, the Managing Authority establishes a Consultative Working Group on evaluation. The Consultative Working Group on evaluation ensures the design and implementation of the evaluation plan. The Consultative Working Group on evaluation will consist of members from institutions involved in the management of the SF/CF and members of the European Commission.

760. It is planned that ex-ante evaluation, interim evaluation, thematic/on-going evaluation and ex-post evaluation will be conducted in the programming period of 2007-2014.

Ex-ante Evaluation

761. Ex-ante evaluation is aimed to optimise allocation of budgetary resources under Operation Programmes and improve programming quality. Evaluation identifies and appraises the disparities, gaps and potential for development, the achievable goals, the expected results, quantitative targets, if necessary - coherence of the strategy proposed for the region, the extent to which the Community priorities have been taken into account, the lessons learnt from the previous programming period, as well as from the Implementation, Monitoring, Evaluation and Financial Management System.

762. Ex-ante evaluation is carried out by independent experts. Adjustments to the National Strategic Reference Framework and the Operational Programmes are made in accordance with the conclusions of the evaluation.

Thematic and Interim Evaluation

763. The Managing Authority intends to carry out a series of small-scale thematic evaluations on the important subjects of successful implementation of Structural Funds and the Cohesion Fund. Thematic and interim evaluations are carried out in compliance with the Monitoring and Evaluation Plan.

764. Thematic and interim evaluations are carried out by independent experts, and evaluations are finished within the Programming Period in order to provide the Managing Authority with the opportunity to carry out measures necessary to improve the programmes. Evaluation results are sent to the Monitoring Committee and the European Commission.

Ex-post Evaluation

765. In accordance with Clause 47 of the draft Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund...
and the Cohesion Fund, the Commission in close cooperation with the Member State carries out ex post evaluation of the Operational Programmes.

766. Ex post evaluation covers use of resources, as well as their effectiveness and efficiency, as well as draw conclusions on the policy of economic and social cohesion. The results of ex post evaluation identifies the factors contributing to the effectiveness or failures of the implementation, as well as success and results.

767. Ex post evaluation is carried out by the European Commission, the Managing Authority participates in its organization.

Arrangement of the Evaluation

768. The Managing Authority organises the ex ante evaluation of the OP (1) and use its results for improving the OP.

769. The Managing Authority organises each interim evaluation of the OP (2) and submits information on its results to the OP Monitoring Committee (3) and the European Commission (4).

770. The Intermediate Body draws up suggestions for the evaluation theme and submits it to the Managing Authority, which organises thematic evaluation and draws up a plan for thematic evaluation (5). The Managing Authority reviews and collects the evaluation themes received from Intermediate Bodies, if necessary identify additional evaluation themes, and draws up a plan (6) according to which the thematic evaluation is organised. The Managing Authority organises thematic evaluation (7) and, after receiving evaluation results, informs the OP Monitoring Committee (8) and the European Commission (9).

771. With assistance from the Managing Authority, the European Commission organises the ex post evaluation of the OP (10), the results of which are conveyed to the Monitoring Committee of Operational Programmes and the Cabinet of Ministers (11,12).

772. The Managing Authority shall ensure data storage on the evaluations carried out and their results (13).
6.5. CONTROLS

Controls of the Eligibility of Expenditure and Audits of Eligibility and Efficiency of the Systems

The AA draws up draft Regulations of the Cabinet of Ministers on basic requirements for carrying out controls of the eligibility of expenditure (1). After approval of the above Regulations by the Cabinet of Ministers (2), the IB develops a method (instructions and procedures) for carrying out controls of the eligibility of expenditure and audits of eligibility and expenditure of the systems (3). The relevant unit of the IB, the functions of which are separated from functions of the units which are responsible for implementation of the Structural Funds and the Cohesion Fund, carries out controls of eligibility of expenditure and audits of eligibility and expenditure of the systems (4). The AA is also eligible to carry out controls of eligibility of expenditure and audits of eligibility and expenditure of the systems (5). The AA receives reports on all the controls of eligibility of expenditure and audits of eligibility and expenditure of the systems carried out by the IB, and evaluates them (6). Copies of the reports and evaluations carried out by the AA are sent for information to the MA and the CA (7;8).
Figure 21: Chart on Controls of the Eligibility of Expenditure and Audits of Eligibility and Efficiency of the Systems

On-the-Spot Checks

774. The MA draws up the draft Regulations of the Cabinet of Ministers on the basic requirements for carrying out on-the-spot checks (1). After approval of the above regulations by the Cabinet of Ministers (2), the IB draws up a method (instructions and procedures) for carrying out on-the-spot checks (3). The relevant unit of the IB carries out on-the-spot checks (4). The MA receives reports on all the on-the-spot checks carried out by the IB, and evaluates them (5). Copies of the reports are sent for information to the AA and the CA (6,7).
Annual Report on the Implementation and Control System

The AA lays down the requirements for drawing up an annual report on the Implementation and Control System (1). After receiving the necessary information from the MA and the IB (2,3), the AA draws up the annual report on the Implementation and Control System (4) and send it for information to the MA, CA and the European Commission (5,6,7).
776. The MA prepares a description of the Management and Control System for all the OP (1). The AA provides requirements for carrying out the audit of the Management and Control Systems created by the MA and the CA, and organises the audit (3). The AA sends the report on the audit of the MA and the CA systems to the MA (4). The MA, in cooperation with the CA and the AA, lays down the requirements for audit of the Management and Controls Systems created by the IB (5). The AA carries out an audit of Management and Controls Systems created by the IB about all the OP (6) and prepare a report on audits of all the OP Management and Control Systems, which are sent to the MA (7). The MA sends the report on audits of all the OP Management and Control Systems (8) and descriptions on all the OP Management and Control Systems to the European Commission (2). The European Commission approves the description of Management and Control Systems on all the OP (2).

![Diagram](image_url)

**Figure 24: System Description Audit Scheme**

### 6.6. INFORMATION AND PUBLICITY

777. In order to ensure transparent implementation of the Operational Programmes and to meet the publicity requirements of Structural Funds and the Cohesion Fund laid down by the European Commission, a Communication Strategy on EU Structural Funds and the Cohesion Fund (hereinafter – EU Funds) for the 2007-2013 will be prepared. The Strategy will cover publicity activities during the EU Fund project submission and implementation phase, and evaluation of the communication efficiency after closure of the Operational Programmes. The strategy shall lay down communication targets and tasks for the given time period, the division of responsibilities and competences among the authorities involved in the management of EU Funds, as well as the necessary activities for carrying out the communication tasks of the Publicity Action Plan.
778. The Managing Authority of the EU Funds draws up the Communication Strategy within 4 months of approval of the Operational Programmes at the European Commission. The European Commission provides its conclusion on the Communication Strategy within 2 months, the Member State, within 2 months after receiving the comments from the European Commission will improve the Strategy and again submit it to the European Commission, which is expected to provide the final conclusions in 2 months.

**Communication Objectives**

779. The objectives of communication are as follows:

- To promote public awareness of the importance of the use of EU Funds and support for utilisation of assistance resources; promote transparency in the use of EU Funds by ensuring regular and overall information on the process of the absorption of resources, and publishing lists of projects assisted from the EU Funds.
- To promote efficient utilisation of EU Funds by facilitating submission of project applications and implementation, and by providing the necessary informational support to project applicants and implementing entities.
- To promote absorption of the EU Funds in the regions.
- To promote cooperation among the bodies involved in the management of EU Funds.

**Target Groups**

780. The communication target groups are:

- Beneficiaries as laid down in the Operational Programmes: potential project applicants (Local Governments, NGOs, entrepreneurs, the education sector, public authorities) etc.
- Information intermediaries:
  - Regional SF Information Centres,
  - Information providers on EU issues, such as The Latvian Rural Advisory and Training Centre, EU Information Centres, Europe Direct points and libraries, EU Information Agency, libraries at local governments.
  - Latvian Association of Local and Regional Governments, Local governments,
  - The Association of Large Cities (Lielo Pilsētu asociācija),
  - Education Boards.
  - National and local media.
  - Authorities involved in the management of EU Funds.
  - General public.

**Information and Publicity Activities**

Measure 1 – Cooperation with the mass media: releases to the media, information on radio and TV (including radio and TV broadcasts on the EU Funds), interviews, press conferences

Measure 2 – media monitoring

Measure 3 – publication and distribution of informational materials on the assistance areas of the EU funding and conditions

Measure 4 – information and consultations, informational measures for potential project applicants, including informational and consultative support in the regions

Measure 5 – development of a single information network among the websites of the authorities involved in management of EU Funds; contact information of all involved institutions

Phase 2: implementation of the Operational Programmes: January 2008 - 2013.

Measure 6 – cooperation with the media: Cooperation with the mass media: releases to the media, information on radio and TV (including radio and TV broadcasts on EU Funds), interviews, press conferences

Measure 7 – media monitoring

Measure 8 – distribution of specialised information (examples of EU Fund projects, achieved indicators etc.)

Measure 9 – opinion polls (once a year) on the public awareness of the issues related to EU Funds

Measure 10 – placing information stands and permanent information plaques and billboards at the sites of implementation of EU-funded projects

Measure 11 – updating internet websites

Measure 12 – information and consultations, informational measures for potential project applicants, including informational and consultative support in the regions

Measure 13 – a qualitative study (~2010) on the achieved performance indicators and impact of the information and publicity activities


Measure 12 - a qualitative study on achieved measures and the impact of information and publicity activities

Funding

The authorities involved in the management of EU Funds and Regional SF Information Centres will receive EU funding for technical assistance in order to ensure the implementation of information and publicity activities.
785. Responsible bodies or the line ministries ensure the management and informational measures for activities financed by EU Funds, in accordance with the sector policy and the priorities laid down in the National Strategic Reference Framework. Ministries ensure that the target groups receive information on assisted activities in the sector concerned and explain its importance within the developmental context of the sector. Bearing in mind that implementation schemes of the European Social Fund, the Regional Development Fund and the Cohesion Fund activities are simultaneously managed by several Ministries, the primary informational responsibility of ministries is to provide information on the activities under their supervision, as well as progress and results thereof. The overall information which covers activities supervised by several Ministries within the framework of a single Fund must be mutually coordinating and supplementary.

786. The informational tasks concerned with project applicants are carried out by responsible bodies or cooperation bodies. They provide information on open calls; carry out the necessary informational tasks related to encouraging project applications, and ensure explanation of implementation requirements.

787. In addition to the informational work done by the responsible bodies or cooperation bodies, the Regional SF Information Centres provide general information and consultations to potential project applicants, provide support and supplement the informational activities carried out by other authorities and their regional offices involved in the management of the EU Funds; coordinate the EU Fund information activities in the region, therefore promoting awareness of potential project applicants and the activity in the planning regions.

788. The Managing Authority is responsible for implementation of the communication strategy and provide general information on the overall absorption of the Funds. Coordination and monitoring of the communication of the EU Funds is ensured by the Management Group on Communication of the EU Funds, where all the authorities involved in the management of the EU Funds and 5 Regional SF Information Centres are represented.

Summary of Responsibilities and Competences of the Authorities Involved in Management of the EU Funds

<table>
<thead>
<tr>
<th>Authority</th>
<th>Primary target group</th>
<th>Primary responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitoring Committee</td>
<td>Authorities involved in the management of EU Funds</td>
<td>Approval of the Communication Strategy on EU Funds for the 2007-2013</td>
</tr>
<tr>
<td>Managing Authority</td>
<td>General public</td>
<td>Implementation of the EU Funds in general</td>
</tr>
<tr>
<td>Responsible bodies (Ministries)</td>
<td>General public</td>
<td>Implementation of sector policy: enforcement of the OP</td>
</tr>
<tr>
<td>Responsible bodies or cooperation bodies</td>
<td>Beneficiaries</td>
<td>Information for project applicants and implementers</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>---------------</td>
<td>----------------------------------------------------</td>
</tr>
<tr>
<td>Regional SF Information Centres</td>
<td>Potential project applicants, especially less active EU Fund target groups in the regions</td>
<td>Informing, fostering and encouraging potential project applicants and less active EU Fund target groups in order to attract funding from the EU fond in the regions</td>
</tr>
</tbody>
</table>

789. The responsible bodies or cooperation bodies and regional information centres on Structural Funds draw up communication plans independently, by evaluating their own resources and competence. However, they are drawn up in compliance to the approved Strategy. If the information provided by the authority ranges beyond its established competence and concerns activities of other authorities, then the information is mutually agreed. Detailed division of responsibilities and competences of the Authorities involved in the management of the EU Funds is laid down in the Communication Strategy.

**Indicators for Evaluating Implementation Progress of Information and Publicity Measures**

790. Results:
- Indicators of information dissemination to the public (source of information – opinion polls).
- Level of awareness within target groups (source of information – public opinion polls).
- Indicators of the efficiency of the delivery of information – conformity of the chosen communication channels with the needs of the target groups (source of information – opinion polls).
- Level of popular support on the EU Fund targets and achieved results (source of information – opinion polls).
- Manner of reflection of publications in media (source of information – content analysis of the publications).

<table>
<thead>
<tr>
<th>Measure</th>
<th>Outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Websites</td>
<td>- Number of users (average per day and the total number)</td>
</tr>
<tr>
<td></td>
<td>- Number of electronic requests for information</td>
</tr>
<tr>
<td></td>
<td>- Registrations to receive information electronically</td>
</tr>
<tr>
<td>Information to the</td>
<td>- Number of releases</td>
</tr>
<tr>
<td>Media</td>
<td>- News reflected in national and local media (number of publications)</td>
</tr>
<tr>
<td>---</td>
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</tr>
</tbody>
</table>
| Press briefings | - Number of press conferences  
- Reflection in national and local media (number of publications) |
| Informational events (seminars, conferences, etc.) and consultative support | - Number of informational events  
- The reached audience (number of participants)  
- The reached area  
- Number of individuals who were provided consultations |
| Publications | - Number of publications, copies/circulation  
- The reached audience  
- The reached area |

<table>
<thead>
<tr>
<th>Minister for Finance</th>
<th>State Secretary</th>
<th>Head of Legal Department</th>
<th>Official Responsible for Policy Planning and Coordination</th>
<th>Official Responsible for Control</th>
<th>Responsible Official</th>
</tr>
</thead>
<tbody>
<tr>
<td>O.Spurdziņš</td>
<td>I.Krūmane</td>
<td>E.Strazdiņa</td>
<td>J.Zvīgulis</td>
<td>M.Radeiko</td>
<td>R.Ošuroks</td>
</tr>
</tbody>
</table>

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