



OPERATIONAL PROGRAMME „HUMAN RESOURCES AND EMPLOYMENT”

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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
EAFRD	–	European Agricultural 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
HCPI	–	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
SMSAEGA	–	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, <i>inter alia</i> , comprises funding conditions of the guarantee section of EAGGF
RDS	–	Rural Development Strategy 2007 – 2013 (drafted by the Ministry of Agriculture)
FTUCL	–	Free Trade Union Confederation of Latvia (LBAS)
LEC	–	Latvian Employers' Confederation
LGS	–	State joint-stock company „Latvijas gaisa satiksme”
MoW	–	Ministry of Welfare
LNRPL	–	Lisbon National Reform Programme of Latvia
ULRGL	–	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
SME	–	Micro, Small and Medium-sized Enterprise
NDP	–	Latvian National Development Plan 2007 – 2013
EMS	–	Emergency Medical Service
NSRF	–	National Strategic Reference Framework
SEA	–	State Employment Agency
NGO	–	Associations and Foundations
OECD	–	Organisation for Economic Cooperation and Development
OP	–	Operational Programme
IOS	–	Institute of Organic Synthesis
R&D	–	Research and development
SAED	–	State Agency for Education Development

PISA	-	Programme for International Student Assessment
PCCSA	-	Professional Career Counselling State Agency
USSR	-	Union of Soviet Socialistic Republics
PHC	-	Primary health care
VAT	-	Value added tax
MoRDLG	-	Ministry of Regional Development and Local Governments
RVEEC	-	Regional Vocational Education and Employment Council
RTU	-	Rīga Technical University
ILO	-	International Labour Organisation
SDR	-	Special Drawing Right – a basket of the following currencies – USD, EUR, GBP, and JPY
SEZ	-	Special Economic Zone
SF	-	EU Structural Funds
SKDS	-	Market and public opinion research centre "Sociāli korelatīvo datu sistēmas"
MoT	-	Ministry of Transport
TIMSS	-	Trends in International Mathematics and Science Study
SSNE	-	Single Strategy for the National Economy
USD	-	US dollar
SJSC	-	State joint stock company
SLI	-	State Labour Inspectorate
MoEnv	-	Ministry of Environment
SIP	-	State Investment Plan
ST	-	State Treasury
SC	-	State Chancellery
ERM II	-	Exchange Rate Mechanism II
MoH	-	Ministry of Health
SCHIA	-	State Compulsory Health Insurance Agency
SPD	-	Single Programming Document
FIFG	-	Financial Instrument for Fisheries Guidance

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511 and on the 16th of July 2009 with order No.476)

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 of a crucial importance 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 higher education and science, improvement of vocational education, skills and life long learning, fostering of employment and social inclusion, promotion of health of labour force, and 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, preventive and prophylactic measures will be taken to raise the health level of labour force, as well as particular attention paid to ensure provision of healthcare services for groups at risk of social exclusion.

7. Along with the above, the capacity of management institutions on national, regional and local level 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 management institutions on national, regional and local level, social partners and non-governmental organisations in creating and establishing a better policy oriented towards the needs of the society.
8. 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 (SEA). 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.

1. ANALYSIS OF THE CURRENT SITUATION IN THE SECTORS COVERED BY THE OPERATIONAL PROGRAMME “HUMAN RESOURCES AND EMPLOYMENT”

1.1.Science and Research Potential

9. Several branches of science in Latvia have achieved a level of global competitiveness (modern materials, information technologies, magnetohydrodynamics, biomedicine, pharmaceutical chemistry and wood chemistry) and the capacity of these branches of science is proven by international patents and publications and by the success scientists have achieved in research and technology development areas of EU Framework Programmes showing that the Latvian scientific potential is able to compete at a global level. Latvian Research Institutes have established successful long-term cooperation with European and global high-tech companies, especially in pharmaceutical chemistry and biomedicine providing a substantial additional input to State funding to R&D activities.

Institutional Capacity of Science and Research

10. The institutional structure of science in Latvia consists of 11 State Research Institutes, 15 research institutes formally integrated into universities as legally independent institutions, 5 State Universities and 15 University Colleges with their research units. In view of the scope and level of scientific activities, the most significant institutions are the University of Latvia, Rīga Technical University, Rīga Stradiņš University, Latvia University of Agriculture, Daugavpils University and Ventspils University College. Two private research centres also operate in Latvia: The Institute of Economy and The Rīga Information Technology Institute *Dati*.
11. With regard to international recognition and outputs of research activities, the most important institutes are the Institute of Solid State Physics of the University of Latvia (ISSP UL) and Latvian Institute of Organic Synthesis (IOS). The ISSP UL stands out from other institutes by the number of internationally recognised articles published every year and by the level of international prestige (SCI, *Science Citation Index*). The scientists of the ISSP UL published 115 and scientists of the IOS – 63 scientific articles in 2004, including SCI. In the above period, the annual volume of scientific publications of the ISSP UL accounted for 1/4 of the total number of publications by Latvian scientists. The publication intensity of the ISSP UL is similar to the average publication intensity in the United States of America which is higher than the average figure in the EU (639 publications per 1 million of population).
12. Statistical data on the breakdown of inventions in Latvia by scientific branches show that the most promising „invention branches” in Latvia are medical chemistry and genetic engineering. MHD metallurgy must also be noted as a strong branch (for instance, MHD crystal growing). The IOS and the Latvian Biomedical Research and Study Centre have an outstanding number of inventions patented abroad. In the period of 1997-2004, scientists of the IOS have been the main authors of 16 patent applications in medical chemistry submitted by internationally recognised pharmaceutical companies. In the area of genetic engineering scientists of the BRC UL are authors of three patent applications (in 1999, 2001 and 2004) in association with *Citos Biotechnol Ag* (Switzerland), Michigan State University (USA) and *Celltech Pharmac Ltd.* (United Kingdom).

13. Latvian scientists and institutions have been quite successful in participating in EU Framework Programmes (FP). Active participation commenced in 1999 when the 5th EU FP was launched. The total number of project proposals was 667 and 178 projects were accepted and granted EU co-financing. As a result of the successful participation of Latvian applicants, the amount of project funding allocated by the EU is more than double the membership dues paid by Latvia into the budget of the 5th FP. During the 5th FP, in tough competition with other institutions, the ISSP UL was acclaimed as the EU Centre of Excellence. Since 2002, when the 6th FP of the EU was launched, the average level of success has decreased, but Latvia is still among the most successful of the new EU Member States although performing below the level of the older EU Member States. It should be noted that the Institute of Materials and Constructions of Rīga Technical University has gradually increased its capacity from several projects during the 5th FP up to 5 projects already underway during the 6th FP.
14. With regard to international cooperation, it should be noted that the Institute of Nuclear Physics and Spectroscopy of the University of Latvia is involved in the implementation of 15 international projects (6th FP, NATO Science Programme, EUREKA, COST, etc.).
15. The Ministries of Education and Sciences of Latvia, Lithuania, and Thailand have formed a joint research project support fund. Since 2001, six projects representing the ISSP UL, University of Latvia, RTU, genomics and material sciences of Rīga Stradiņš University have been approved.

Infrastructure of Science and Research

16. From the 1980s to 2004, due to limited funding, scientific infrastructure in State Research Institutes and higher education establishments barely underwent any modernisation. In 2004, the implementation of the National Programme of the Ministry of Education and Sciences „Support for the Modernisation of Scientific Infrastructure in State Research Institutions" was commenced by attracting co-financing of the ERDF. The objective of the National Programme is to modernise the infrastructure in state research institutions, including the regional institutions, implementing research projects in priority research areas, thus, forming an environment for the transfer of technologies and promoting development of human resources in the whole research area of the country. Currently, state-of-the-art research equipment is provided to the IOS, ISSP UL, BRC UL. This ensures successful participation of these institutions in international projects. The lack of a single broadband network between the Latvian higher education centres and research centres has impeded inter-university cooperation and cooperation between research institutions, and the full realisation of their capacity. Moreover, Latvia has the slowest connection with European academic and research networks (Latvia's connection to GEANT, European research and education network, is 155Mbit/s while in Estonia and Lithuania the speed is 622Mbit/s but in other Eastern European countries – 2.5Gbit/s) which is an obstacle for more extensive participation in scientific projects. Laboratories still have insufficient modern equipment required for the implementation of technical projects in the area of nanotechnologies and nanostructures; this problem is particularly apparent in regional research institutions. Currently, it is still complicated to convert a fundamental idea into a practical high-technology solution. This trend is demonstrated by the low share of high technology products in export volumes (in Latvia – 5%, the EU average – 20%).
17. Since Latvia's accession to the EU, local specialists have had the opportunity to use EU research infrastructure. Within the single European Research Area, the 6th FP ensures

access to European research infrastructure for all European scientists provided the scientific qualifications of the respective scientists meet the highest standards. Latvia may participate in activities of the single European Research Area with its research infrastructure, ensuring the effective realisation of research results through high-level technologies, as well as the operation and development of unique research infrastructure objects, for instance, the Ventspils International Radio Astronomy Centre, the Liquid Metal Laboratory of the Institute of Physics of the UL (including the pilot equipment for studies of the Earth's magnetic field).

Human Resources for Science and Research

18. In 2004, the number of research and development personnel (including full-time and partly employed scientists and other administrative and technical support staff involved in R&D) comprised 8273. 3324 of them were full-time employed scientists. Comparison of statistical data on the proportion of the research workforce as a proportion of total number of labour force, shows that in Latvia it is 0,73% while the average figure in the EU is 1,36%¹. Productive results and development of the R&D sector require at least 2000 scientists per 1 million of population. Thus, by 2010 the number of scientists actively working in the area of R&D in Latvia should be 5000 persons.
19. In total, about 5800 persons possess a Doctor's degree in Latvia, 3324 of them were engaged in the R&D sector in 2004 but in 2000 - 3814 persons. One of the reasons for this decrease is the flow of scientists to EU and non-EU countries. The total number of research employees includes 802 technicians and laboratory assistants and 977 persons performing service staff functions. Few Latvian scientists work in the private sector (only 13,5% of the total number of scientists which is the lowest ratio among the EU Member States where the average ratio is 49%²).
20. In 2004, the age of most scientists working in universities and state research institutions was above 55 years and the age of 28% of these scientists was above 65 years. Only 7% of scientists working in institutes are aged between 25 and 34 years. This is not a satisfactory age structure of research staff not only with regard to current research activities, but it also threatens further development of science. In several branches of science, there is shortage of highly qualified specialists who could qualify for professor or lecturer positions in Latvian universities and who could be involved in the education of young specialists. The solution for this problem is outlined in one of the targets of the Guidelines for Higher Education, Research and Technology Development up to 2010 elaborated by Ministry of Education and Sciences providing to increase the number of professors to 1000 and the number of persons engaged in research activities – to 12000 till the year of 2010.
21. One of the development indicators for the scientific system is the annual increase of scientists and the number of persons who have been awarded a Doctor's degree.

¹ 2004.g. Eurostat, *Share of research and development personnel (head count, % of the labour force)*

² 2005.g. Eurostat, OESD (*Towards a European Research Area. Science, Technology and Innovation. Key Figures 2005.*)

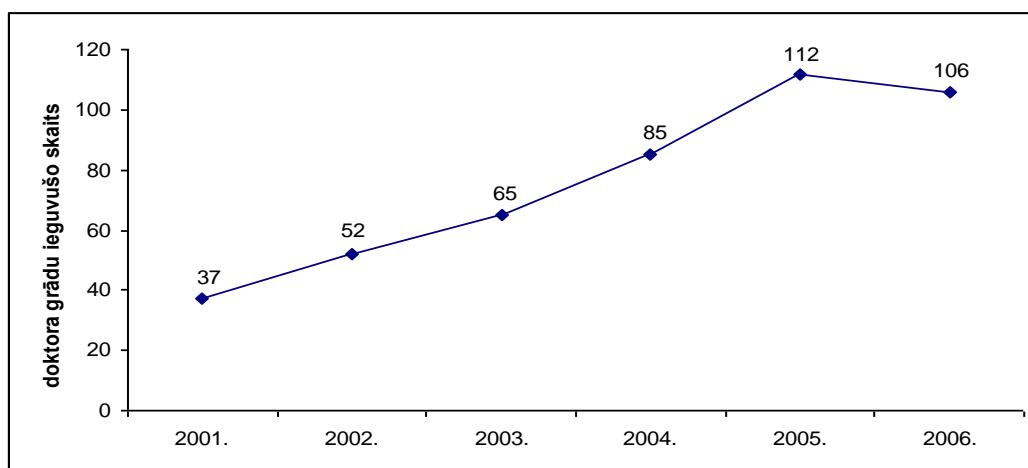


Figure 1: The number of Doctor's degrees awarded in Latvia per year

Source: CSB

22. In Latvia the number of Doctorate graduates is insufficient (only 1,4% in comparison with 5-6% in other EU Member States), in particular with regard to the number of persons who have been awarded a Doctor's degree. In comparison with other EU Member States, Latvia shows considerable underperformance. The number of persons with Doctor's degrees is low not only in comparison with EU Member States, but also with our neighbouring countries Lithuania and Estonia. For instance, in 2004, the number of Doctorate students in Sweden was 18000, amounting to 5.3% of the total number of students, in the Czech Republic – 11500 students amounting to 6.6% of the total number of students. On average in 2004 graduate Doctorate students in Lithuania and Estonia accounted for 2.5% of the total number of students. In 2004, in Latvia there were 1428 Doctor's degree students and only 85 of them have been awarded a Doctorate accounting for 0.4% of the total number of students. Students show an increasing interest in Doctor's degree studies (in 2006 the number of Doctorate students was 1 797, Doctor's degree graduates – 106) but the rate of this increase is still unsatisfactory. This is a cause of particular concern due to the problems of the aging of academic staff.
23. The number of Doctorate students has been gradually rising due to several reasons: organisation of public awareness campaigns on the problem of low interest in Doctorate studies, discussions to stimulate public interest and various events for the popularisation of science (TV and radio broadcasts, "science bars, etc.).
24. The number of defended Doctor's theses has been also slowly growing. This is fostered by the support measures of the MoES for Doctorate and Post-Doctorate research in natural sciences and engineering sciences co-financed by the ESF, as well as by the National Programme of the MoES „Provision of Higher Education Establishments with Modern Equipment and Mainframe Computer Networks for Education and Training” which has been implemented with the co-financing of the ERDF.
25. The highest number of Doctorate students is still in the social sciences, business management and law, accounting for 32% of all Doctorate students. Natural sciences, mathematics and information technologies were chosen by only 14% and about the same proportion (16%) of all Doctorate students chose engineering sciences, production-related and construction-related studies.

26. Upon defending their Doctor's theses in natural sciences and mathematics (except for information technologies), most of the young scientists remain working in research institutes and universities and continue their scientific work.
27. Until now important reasons for the low interest in Doctorate studies and further careers in science were the low salaries of research personnel in State Research Institutes, as well as the obsolete scientific infrastructure in these institutes. In 2004, a survey of students of the University of Latvia, Rīga Technical University and Daugavpils University was conducted in order to ascertain students' opinion on Doctorate studies and factors that impede research work and what could motivate students to pursue Doctorate studies. About 25% of the respondents expressed their intention to undertake Doctorate studies, a half of students had not thought about Doctorate studies and 17% of the students had no interest in Doctorate studies. Motivating factors listed by respondents were increased salaries (42%), opportunities for more extensive knowledge in the chosen branch of science (31%), opportunities for academic career (24%) and the high prestige of sciences in society (22%). The survey also indicated the problem of insufficient information about the Doctorate study process. 49% of the students noted that they are not informed about the organisation of Doctorate studies. Students of Daugavpils University more often than students of the capital city pointed out that a motivating factor for Doctor's degree studies would be opportunities to continue studies and find work abroad.
28. In the last three years, up to 700 Latvian students have studied abroad through the EU education programme *Socrates* (Action *Erasmus*) (in the academic year of 2004/2005 – 607 students) though demand for such studies is two times greater.
29. In 2004, in Latvia the average proportion of students completing Doctorate studies was 0,25 per 1000 population aged 20-29 compared to the EU average of 12.3 per 1000 population.³
30. Latvia's R&D potential is to be developed basically through existing and retained science institutions. These include organic chemistry, medical chemistry and genetic engineering, physics, material sciences and information technologies. These schools and their research potential are directly correlated with the above-mentioned data on scientific publications and patents in these branches of science.
31. A significant number of Latvian scientists work abroad. According to approximate calculations, they account for 1/3 of Latvia's scientific potential. There are various reasons for this flow of specialists. Most of the experienced scientists left Latvia just upon its renewed independence due to radical changes in the scientific system and the significant decrease in financial resources allocated to science (in the USSR 5% of the GDP as opposed to 0.3% in independent Latvia). Many young scientists who have just graduated Latvian universities live abroad. The main motivation for them – better work conditions and opportunities for professional growth. However, most of these students are willing to return in Latvia. This would be motivated by modern scientific infrastructure equipment and competitive salaries.
32. 45% of persons with a Doctor's degree are not actively involved in research. They work in public administration, the banking sector and business.

Funding of Science and Research

³ Eurostat, 2005.

33. In 2004, the total funding of R&D amounted to 0.47% of the GDP, but in 2003 – only 0.39% of the GDP (EU average – 1.93%). In 2004, state budget funding to science was only 0.18% of the GDP but private sector investment amounted to only 0.2% of the GDP (EU average – 0.76% of GDP). In 2004, State budget funding to science and research was 21 Euro per capita while the EU average is 409 Euro per capita. In addition, the current funding system for research work does not act as a catalyst that would attract private sector investment in research.
34. In 2003, a World Bank study indicated that the R&D area in Latvia is generally taken by foreign telecommunication operators, and all other companies finance a very small part of R&D activities, and these investments are mainly related to the direct acquisition of technologies in foreign countries.
35. On 19 May 2005, the new *Law on Research Activities* came into force, requiring that the Government ensure an annual increase of State budget funding to science of 0.15 of the GDP until the total amount of such funding is 1% of GDP.
36. State budget funding is mainly allocated for the following activities:
 - Provision of research activities,
 - Implementation of studies in response to market demands,
 - Support to participation in EU Research and Technology programmes.
37. Resources for research activities are mainly allocated through a tender procedure organised by the Latvian Council of Science aimed at supporting the implementation of fundamental and applied research projects. Every year financial aid is granted to 690 projects with a total funding of 4.8 million Lats. In 2004, the average amount of grants of the LCS was 5000-6000 lats. In natural sciences and engineering sciences minimum annual funding required for a medium-scale research project implemented by three persons would be 15000-25000 Lats. This shows a considerable shortage of resources for high-quality work, and performance of studies by Latvian scientists already so few in number.

Sectoral Policy

38. Pursuant to the *Law on Research Activities*, the priority research areas are defined once every four years. In 2006, the government has defined the priority research areas for the next four years. Definition of the priorities is based on the following considerations:
 - Situation in the respective branch of economy and development perspectives in Europe and the world, as well as in Latvia,
 - Potential of the areas currently internationally developed and opportunities for further development in Latvia, as well as development opportunities in Latvia,
 - Public administration and legislative measures required for the formation of a business- and investment-friendly environment,
 - Attraction of essential public and private capital, including foreign investment,
 - Impact of economic, social and environmental factors on industrial development and vice- versa,
 - Industry's impact on the national education level and demographic situation in Latvia,
 - Availability of specialists in the industry and provision of appropriate education programmes.

39. For the period of 2006-2009 in order to sustain the fundamental and practical research the following priority research areas are defined in industries essential for the national economy:
- agrobiotechnology – innovative and environmentally friendly technologies of ration yield;
 - biomedicine and pharmacy – gene technologies and technologies of new biologically active substance syntheses;
 - power industry – ways of environmentally friendly renewable energy, energy supply safety and its effective use;
 - information science – safe programming, integrated systems and networks of information and communications, electronic technologies;
 - material sciences – nanotechnology functional material output, new age composite materials,
 - forest science – sustainability, new products and technologies,
 - medicine science - development of clinical medicine based on practical science technologies,
 - environment sciences – regional climate changes and their influence on water ecosystems and adoption; sustainable maintenance and protection of the Baltic Sea and the inland water environment;
 - Lettonica – researches of the Latvian language, culture and history.
40. In 2001, the Ministry of Education and Sciences prepared the Guidelines for Higher Education, Research and Technology Development up to 2010 envisaging several measures aimed at increasing the number of Doctorate students up to 4500 students in 2010.

The Link between Science and Research, and Entrepreneurship

41. In Latvia several industry clusters can be singled out: wood processing, chemical industry (pharmacy), metallurgy, transport and logistics, information and communication technologies and others. Due to working in timber and medicine production industries Latvia participates in the Technology Platforms within the 7th FP of the EU. Cooperation in the area of information technologies and material sciences has commenced quite successfully (cooperation of the ISSP UL with the glass fibre plant of Valmiera, and cooperation of the INPS UL with *Anda Optec* and *Baltic Scientific Instruments*). Such cooperation will increase the manufacture of value-added products in Latvia.
42. A significant indicator of the quality of applied science and innovation are patents, and their quantity describes the competitiveness of technologies developed and invented in a country, the level of applied research, cross-country transfer of technologies (knowledge), relative innovation level, and openness to foreign-origin technologies, the level of industrial research and general competitiveness of the economy.
43. Every year about 100 – 150 patents are issued in Latvia, but most of them are local Latvian patents having low relevance in terms of global competitiveness. According to *Eurostat* data, in 2002 the number of patents submitted from Latvia to the European Patent Office was 5.95 patents per a population of 1 million, while the EU average is 133.59 patents per 1 million. According to *Eurostat* data, no Latvian high-technology patents were registered in 2002 (in 2001 – 0.53 patents per 1 million population) while on average 26 patents per 1 million population were registered in the EU.

44. In view of the fact that Latvian scientists cannot patent their results abroad due to the high patent registration costs, in many cases results are sold to foreign partners simply as *know-how* productions or a foreign company is found which provides financial assistance in registering the invention, and consequently this company acquires all the rights of this invention. In the period of 1999-2005 in the area of medical chemistry the IOS participated in the development of 107 patents, including the development of 82 patents ordered by specific companies and which protected 47 inventions basically in the area of new medicine (mildronat and its derivatives, new medicine for treatment of cancer, medicine for cardiovascular diseases, etc.).
45. The BMC UL has developed close cooperation with *Cytos Biotechnology* (Switzerland) and *Rein Biotech* (Germany) in research on vaccines and biomodulators. Since 2001, scientists of the IP UL have been cooperating with Ferrotec-USA, a leading producer of magnetic fluids, providing services in magnetogranulometry of ferrofluids produced by the company. It should be noted that this Institute has concluded cooperation agreements with the Dutch company *Corus Research Development&Technology*, German company *Schott Ag* and the Oak Ridge National Laboratory of the U.S Department of Energy.
46. In order to successfully commercialise the results of R&D activities, it is necessary to promote the development of knowledge transfer infrastructure – technology parks, technology and innovation centres, as well as business incubators. In Latvia, in comparison with other EU Member States, the knowledge transfer infrastructure is weak. Latvia has only one Technology Park and one Technology Centre (Business Incubator) – the Latvian Technology Centre but this is only achieved within the Innovation Relay Centre of the 6th EU FP. In comparison, Lithuania has 7 science/technology parks and 7 business incubators but Estonia – 3 and 7 respectively, is also below the EU average. Until now, development of such innovation support structures has not been included in national development programmes of Latvia and as a result, Latvia has one of the lowest indicators in the EU. In 2006, the Ministry of Economy plans to support the formation of 5-7 technology transfer sports in universities and research institutes where experts will be attracted in order to promote transfer and exchange of knowledge. In total, more than 20 experts are involved in the area of technology transfer in Latvia. Apparently, this is insufficient and the number needs to become at least five times larger within the next five years. At this point the problem of preparation of technology brokers and technology transfer consultants in line with international experience arises.
47. In order to address the problem of science's commercialisation, particular attention should be devoted to the following issues:
- Development of infrastructure – modernisation of the existing research laboratories and/or formation of new research laboratories, support to the formation of clusters and respective infrastructures, centres of excellence, science/technology parks, technology or innovation centres, business incubators,
 - Promotion of international cooperation among Latvian enterprises, scientists, technology centres and representatives of industries and sciences in other countries (for instance, in order to ensure that Latvian scientists can work with foreign companies and vice-versa),
 - Financial support to investment from the private sector in Latvian innovation companies or in setting up a new or knowledge-oriented manufacturing plant in Latvia (for instance, support to the development of public infrastructure),

- Financial support to setting up new knowledge-intensive companies (for example, seeds, accrual and venture capital funds, fiscal relief),
- Development of a harmonized technology transfer system (including support to the protection of intellectual property and formation of competency centres).

48. Main issues to be addressed:

- Insufficient quantity of workforce in science and research - decrease of the number of scientists, lack of Doctorate students,
- Shortage of laboratories with state-of-the-art equipment for implementation of technology-oriented projects,
- Limited opportunities and skills for commercialisation of knowledge.

1.2. Education and continuing education

General skills

Characteristics of students engaged in basic and general secondary education

49. 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.
50. 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.
51. The secondary education final centralised exam results indicate⁴ 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 %.
52. 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.
53. In the study year 2004, 3782 students of 9th grade (11% of total number of 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 achievement diagnostics does not provide complete feedback information on the learning difficulties and problems of the students.
54. 95% from the compulsory education aged children are involved in the educational system. At the beginning of 2004 approximately 24 000 children lived in so called social risk families. These children are often out of parents' attention and they do not see the sense of attending school. In the study year 2003/ 2004 there were 4509 or 1,4%

⁴ Data of MoES, 2004.

pupils of 1st-12th grades absent from at least 1/3 of the whole study time. The main reasons for non-attendance of the school are unwarranted absence and strolling, parents' irresponsibility and social problems in the family. Due to these reasons, from the totality of 370 000 children and youth at the age of the compulsory education there were approximately 20 000 pupils (5,6%) not attending school and 4,9% not continuing studies after the basic education in study year 2004/ 2005.

55. Nearly a third of the general secondary education acquirers are forced to enter the labour market without any qualification and with low basic skills. The secondary school graduates have insufficient knowledge in natural sciences subjects and foreign languages. The reasons are: scarce and outdated equipment of sciences' classrooms and labs, insufficient and outdated learning aids for teaching of both sciences and foreign languages (that includes the scarcity of textbooks at schools), insufficient number of teachers and capacity for introduction of new methods, particularly in natural sciences, mathematics, information technologies and foreign languages.

General skills educators

56. The increase of the average age of educators could lead to a crisis in the State teacher supply in the nearest time. There is a significant disproportion of young and older educators. Almost 10% of general school educators are at age of retirement, the existing teachers are aging and there is not sufficient flow of young teachers. More than 2/3 educators are at age over 40. The involvement of young teachers in the educational establishments decreases every year – teachers at the age of 30 and younger comprise 19,23% in study year 2000/ 2001, 15,01% in 2004/ 2005 and only 12,3% in 2006/ 2007.

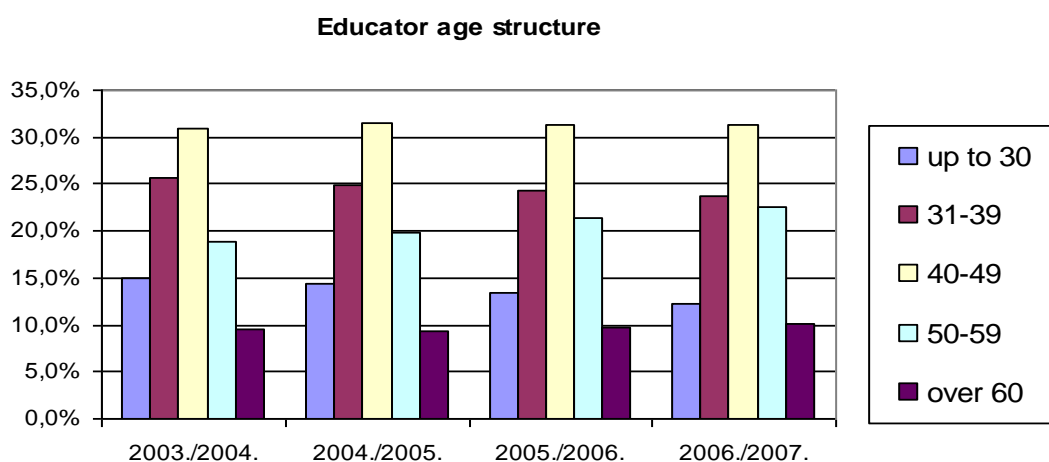


Figure 2: Educator Age Structure

Source: Ministry of Education and Science

57. There is not sufficient number of young educators for replacing the retired or pre-retirement aged. Youth do not choose educator's profession; there is less attraction of the profession not only in Latvia, but also in the EU and the world. Qualified teachers do not work in schools due to low payment and prestige of the profession. Schools have insufficient human resource capacity for introduction of new methods. There is actual lack of teachers in natural sciences (physics, chemistry and biology), mathematics, information technologies and foreign languages. There is gender disproportion in the general educational establishments. The fact of 88% female educator proportion shows the expressive gender segregation in Latvian society. The female concentration in one

profession is coherent with the payment problems in this area. The low payment imposes on the choice of the profession and gender representatives.

58. State has not unified approach and system for organisation of educators' continuing education. There is not sufficient number of prepared continuing educators. The continuing education curricula are dispersed and not target-oriented. Educators have no knowledge and skills in work with different social groups and the application of new technologies and modern cooperation methods.

Education infrastructure and equipment for acquisition of general skills

Classrooms for natural sciences

59. 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.
60. Over the 2004 – 2006 programming period, a new secondary education curriculum is being 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

61. 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

62. 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.

63. 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 basic and general secondary education, and career counselling

64. Lack of career counselling in the period of basic and general secondary education and insufficient awareness of opportunities in education and continuing education are considerable reasons why 5% of the youth who have finished the primary school and nearly one third of the general secondary education acquirers are forced to enter the labour market without any qualification and with low basic skills. The choice of the youth to further education is not focused and target-oriented therefore it is necessary to broaden the support system for implementing of career education programmes in all types of educational institutions.
65. When assessing the choice of the youth with regard to further education, it can be observed⁵, 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.

⁵ 2005, CSB.

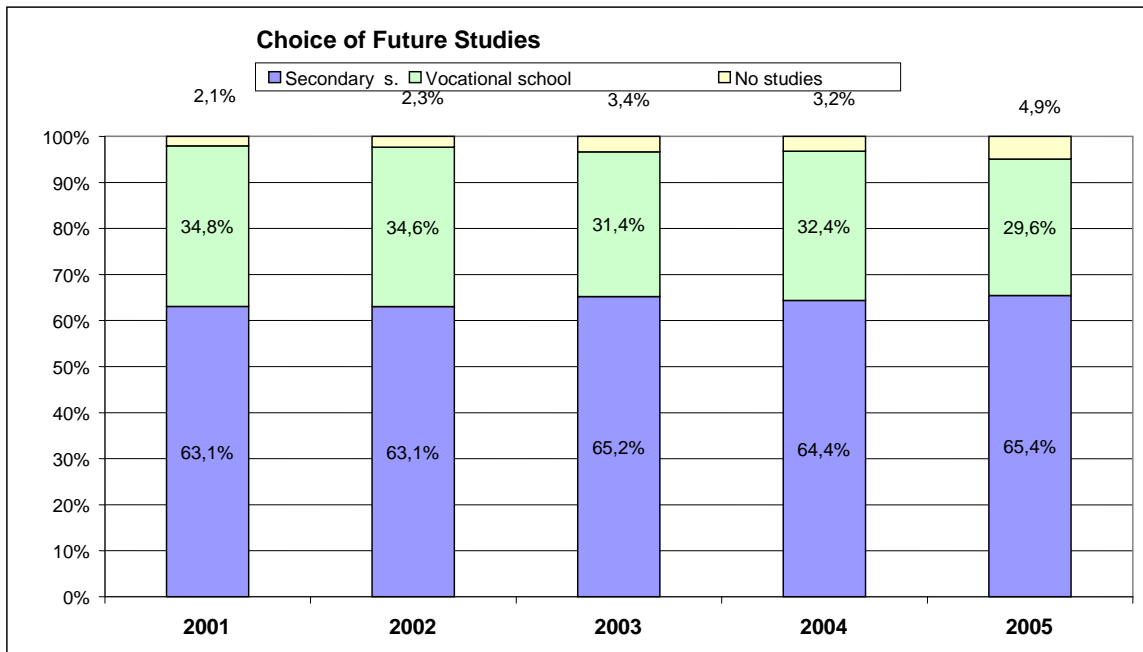


Figure 3: Choice of Future Studies by Students following Basic Education

Source: Ministry of Education and Science

66. 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 achievement⁶ 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 workforces with basic or incomplete basic education are men. This means that men are at risk of entering the labour market without any qualification and performing low-qualification jobs.

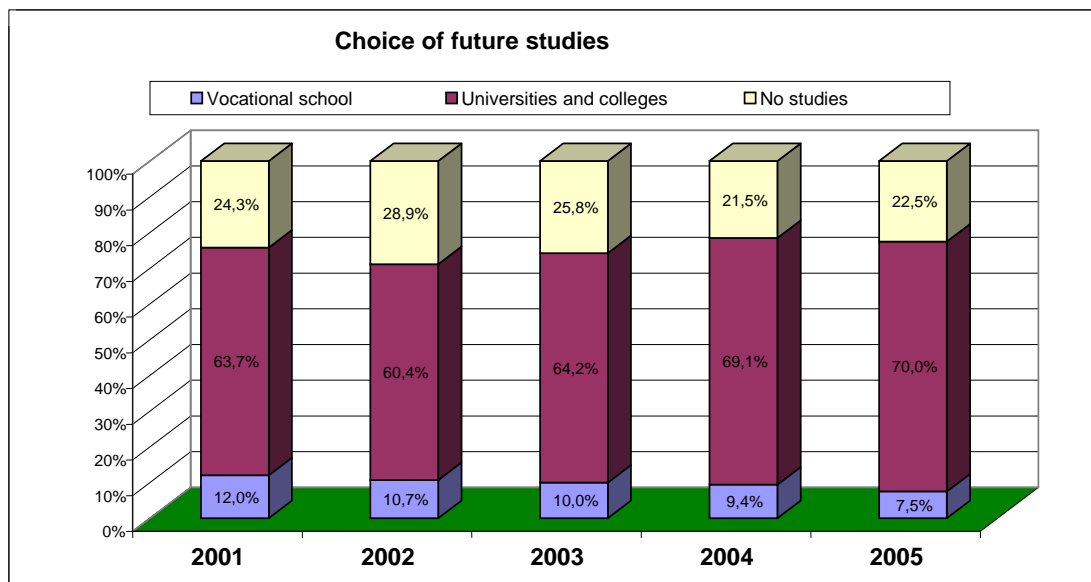


Figure 4: Choice of Future Studies by Students following Secondary Education

Source: Ministry of Education and Science

⁶ ISEC data on centralized exams

67. The number of students funded by the state budget in the initial vocational education is limited. The above data allows concluding 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 Estonia⁷.
68. 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.
69. 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.
70. 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.
71. 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;
 - 1/10 pupils do not gain the primary education certificate after the 9th grade, thus forming a high proportion of students with low basic skills level;
 - insufficient quality of knowledge and skills acquisition in mathematics, natural sciences and reading in the level of primary and general secondary education, thus forming insufficient number of competent students;
 - lack of career counselling in the period of basic and general secondary 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, ageing of educators and insufficient proportion of young teachers;
 - outdated educational infrastructure, lack of adequately equipped classrooms, learning aids and equipment for sciences.

Vocational education

72. 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-

⁷ CEDEFOP data, 2004.

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

73. The percentage proportion of vocational education programme students of the secondary education stage in Latvia is comparatively low - only 30% of the total number of the youth who have finished the primary school and it makes up 47 % for men and 31 % for women at appropriate education age. 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.
74. The data shows 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 continuing 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; out of all pupils engaged in vocational education 66% of all boys and 67% of girls are studying in secondary education programmes.⁸ 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 were a large proportion of young people dropping out of the VE institutions.
75. 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. 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 %. There is a constant tendency that the proportion of the expelled male students forms almost 2/3 of the totality (64%) in the vocational educational programmes. The majority of expelled students are males in vocational, as well as in general secondary schools.
76. 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.

⁸ *Data of the Ministry for Education and Science*

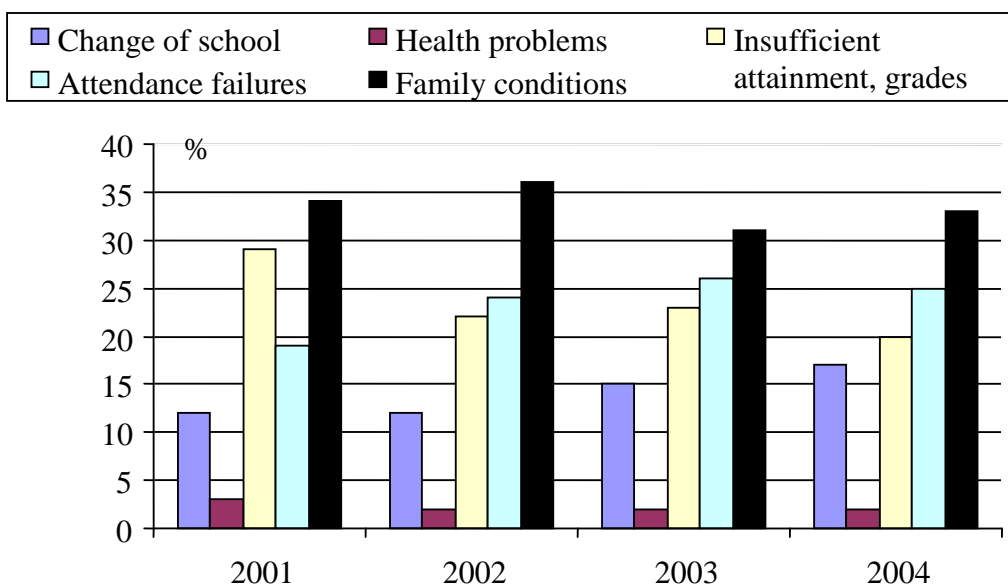


Figure 5: Reasons for Expulsion (proportion in % of the total number of students expelled from school records)

Source: Data of MoES ⁹

77. A large part of students enter the vocational education institutions with poor knowledge and low motivation for studies¹⁰, a large proportion of the learners come from families of moderate means or socially disadvantaged conditions. Huge number of students terminate studies because the financial conditions of their family or due to the fact that they are 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.
78. 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.
79. 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).
80. The proportion of unemployed vocational education acquirers has decreased over the last 4 years by nearly 1 %¹¹. The data indicate that the young people acquiring a qualification are able to integrate in the labour market or continue their education.

Correspondence of vocational education supply to demand in economy

81. The coverage (availability) of vocational education programmes in the territorial aspect is satisfactory in all the regions of Latvia. Though, there should be taken into

⁹ CSB, *Vocational Education Institution Reports Prof-1*.

¹⁰ Data of MoES.

¹¹ Data of the National Observatory of Latvia (2004).

consideration the circumstance that not always the existing vocational education supply meets the needs of the region and the development of enterprises in it. This becomes the reason of migration flow from the region in order to gain the education, thus preventing economically active workforce retention in the region.

82. 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)¹².
83. In 2005 there was begun the implementation of national programme „Labour market research” by Ministry of Welfare and support of the ESF. The following significant subjects are considered in the frames of the project: analysis of workforce supply and demand, development of labour market long-term forecast system, quality of education curricula, their accessibility and correspondence to the trends of labour market. Although the final research results will be available only in the middle of year 2007, there can already be drawn a conclusion that labour market supply in such important areas of the national economy as processing industry, production, mechanical engineering, power industry, electronics, building and other engineering sciences cannot meet the identified demand. Moreover, enterprises are quite often compelled to train new employers themselves in order to have full-fledged workforce.
84. From the research, there is lack of special subject teachers and material-technical basis for acquisition of modern professional skills. Entrepreneurs consider that there should be provided qualitative basic knowledge acquisition and practical operation of devices. Due to expenses and depreciation of devices, schools could use device stimulators for training, while acquisition of the practical skills would be available at the specially formed skills and competence centres of the enterprises.
85. The pattern of education acquirers in regional and branch section prove that the supply of VE programmes is partly 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 growing demand exists for qualified workers in the areas of building, processing industry, production and mechanical engineering, power industry, electronics and automatics, transport, information technologies, chemistry technologies and others. 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, specially emphasizing programmes of mechanics and mechanical engineering, material sciences and mechatronics as well as agricultural techniques. National economy development forecast shows that the number of students in electrotechniques and power industry should be increased 3 times. Similar conclusions are drawn in woodworking area where 40% students should be oriented on the acquisition of different woodworking device operator professions. Entrepreneurs have stated that there is need for well skilled workers in many areas of technical operation, though vocational graduates have insufficient knowledge in this field. Thus, there is necessity to modernise the educational programmes technical basis and provide the practice opportunities in the enterprises to prepare the needed qualified specialists.
86. 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

¹² CSB, 2005.

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).

87. 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.
88. 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.

Content of vocational education programmes

89. 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 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.
90. 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.

Infrastructure and material and technical supply of vocational education

91. 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.
92. 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.

93. 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.
94. 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).

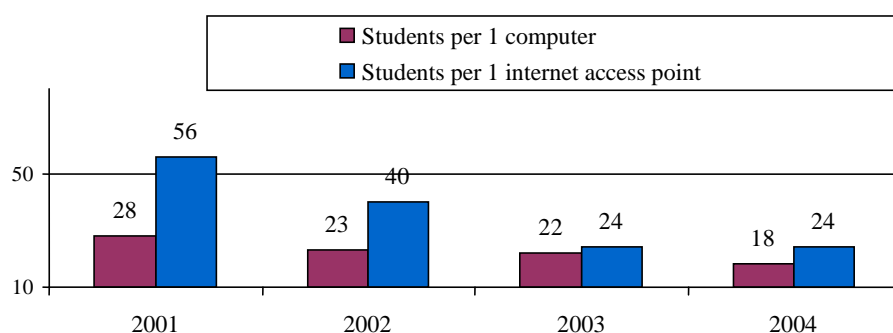


Figure 6: Computers for Vocational School Students

Sources: Data of MoES¹³

¹³ CSB, *Vocational Education Institution Reports Prof-1*.

95. 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.

Educators of Vocational Education

96. In vocational education establishments the proportion of young educators is decreasing and the proportion of older educators is increasing (decreasing number of teachers at age up to 30 is approximately 1.5% per year; increasing average age of educators is 0.4 years per year). According to the target of educational policy planning documents to increase the proportion of vocational students from 29,6% in 2004 to 42% in 2013 (percentage from primary education graduates) there are foreseen problems with the provision of vocational educators in the nearest future if not preventing them duly. 13% from the totality of vocational educators are at the age of pension, the existing teachers are aging and there is insufficient flow of young educators to replace the pension and pre-pension aged.. 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)¹⁴. 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%).

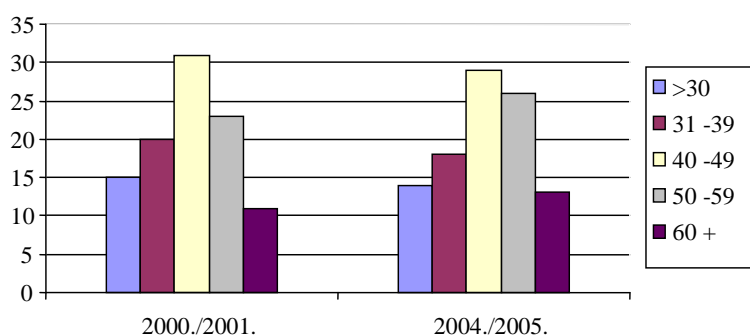


Figure 7: Educator Age Structure

Source: MoES data ¹⁵

97. 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 (88% of educators have the higher education, 86% - the pedagogic education).
98. 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%).

¹⁴ Data of MoES.

¹⁵ CSB, Vocational Education Institution Reports Prof-1.

99. 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

100. 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.

101. 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 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)

102. At the beginning of 2005 there were 56 operational tertiary educational establishments - 36 higher educational establishments and 20 colleges. At the beginning of 2007 there were 60 operational tertiary educational establishments – 34 higher educational establishments and 26 colleges.

Characterisation of People Involved in Tertiary Education Studies

103. In the academic year 2006/ 2007, the total number of students was 129,503 (out of which 64% of 82,770 were female) which was by 45% more than in 1999. The number of students per 10,000 residents in the academic year 2004/2005 was 556, 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.
104. 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

	Latvia	EU average
Number of students per 10,000 residents	566	371
Total financing of tertiary education vis-à-vis GDP	1,4%	1,1 %
Including public financing vis-à-vis GDP	0,7%	0,9 %

Source: Ministry of Education and Science

105. More than half of the entire number of students study in the three major higher educational establishments (The University of Latvia, Rīga Technical University and Latvia University of Agriculture). Most of higher educational establishments are located and formed in Rīga. Higher educational establishments outside Rīga 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

106. Latvia has an insufficient number of students in natural sciences, engineering sciences and technologies, as well as in medicine and healthcare study programmes, not able to provide the existing labour market demand for the correspondent area specialists. According to the national economy development forecast there will be growing demand for qualified and highly qualified specialists in the areas of building, processing industry, production and mechanical engineering, power industry, electronics and automatics, transport, information and communication technologies, chemistry technologies, creative industries, health care as well as interdisciplinary spheres.
107. Insufficient number of students in natural sciences, engineering sciences and technologies 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%. The proportion of students in engineering sciences and technologies was also one of the lowest in EU – only 9,5%. Although the proportion of students in mentioned study programmes comparing with 2004 is increasing (in year

2006 in the natural sciences and mathematics - 5,35%, in engineering sciences and technologies - 10,3%) it is still insufficient and one of the lowest numbers among EU member states.

108. 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 (64% in the academic year 2006/2007), 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.
109. 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.
110. 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.
111. 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.
112. 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.

Table 2: Proportion of Students in Natural Sciences and Engineering

State	Proportion of Students in Sectors of Natural Sciences and Mathematic, %s	Proportion of Students in Engineering Sciences and Technologies, %
Latvia	5,2	9,5

Estonia	8,7	12,7
Lithuania	4,9	21,6
Slovenia	5,0	17,5
Denmark	10,1	10,6
Ireland	20,6	14,9
Finland	10,9	25,9
EU- 15 average	11,8	14,5

Source: Ministry of Education and Science

113. Data on higher educational establishment graduates show that in 2006 most graduates received their first professional qualification¹⁶. As can be seen from the following graph, the number of doctor's degree recipients in Latvia is tiny (0,4%), 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).

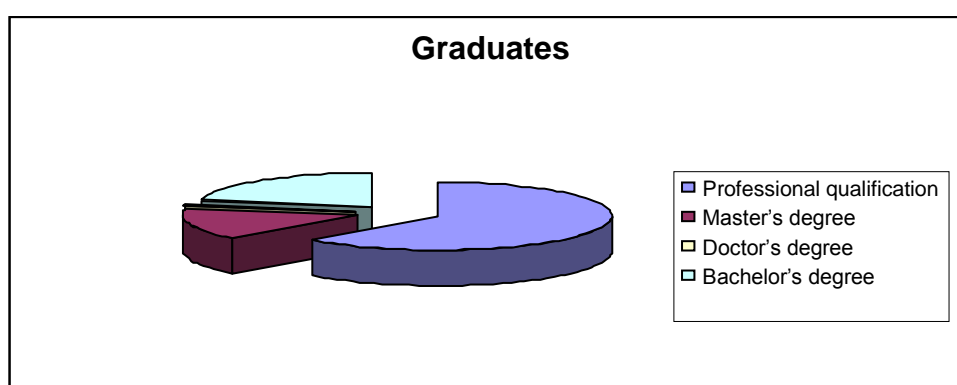


Figure 8: Graduates Awarded Academic Degree or Qualification in 2006

Source: MoES data, "Survey of Tertiary Education in Latvia in 2006 (Numbers, Facts, Trends.)"

114. There should be taken into consideration the forecast that the number of students and consequently graduates and qualified specialists might decrease in 5-7 years because of the demographic situation in Latvia. There is foreseen that the total number of students might be nearly 90-100 thousands in 2013 (decrease for almost 25% in comparison with the totality of students in study year 2006/ 2007).
115. The quality assessment of natural and engineering science curricula occurs based on the results of the accreditation process. Vocational and higher education programmes are not sufficiently modernized to provide competences and practical skills according to labour market requirements and tendencies for economic sectors development. 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.

Infrastructure of Tertiary Education and Material Technical Supply

116. 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

¹⁶ In the study year of 2006/2007, of 129 503 students in 60 tertiary education institutions 70 % had opted for professional programmes. Data of the MoES

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.

Table 3: Internet and Computer Resources of Higher Education Establishments and Colleges the academic year of 2006/ 2007

Indicator	Total	Including			
		State Higher Educational Establishments	Higher Educational Establishments Created by Legal Persons	State Colleges	Colleges Created by Legal Persons
Number of Computers	14054	9702	2625	1455	272
Number of Internet Connections	13184	9261	2453	1274	196
Number of Students on one Computer	9	9	13	8	20

Source: MoES data ³

Academic Staff and Faculty of Tertiary Education

117. 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. Higher education quality is determined by education programmes, their content and conformity with modern requirements and also by qualification of academic staff and faculty of tertiary education.
118. Currently existing problem is ageing of academic staff especially professors and shortage of new Doctor's degree graduates who could qualify for professor or lecturer positions in Latvian universities and who could be involved in the education of young specialists. Also the qualifications of lecturers in some study programmes (especially in engineering sciences and technologies) are not appropriate to modern requirements due to rapid development of economic sectors and necessity for regular knowledge update.
119. The average age of academic personnel constitutes 56 years. In 2005 the structure of the academic staff was the following: 452 (11%) professors, 552 (13%) assoc. professors, 1041 (25%) assistant professors, 1492 (36%) lecturers, 4410 (11%) assistants, 204 (5%) researchers. 48% of academic personnel has academic degree (in 2002 it was 59%). Although the female takes higher proportion (54,7%) than male (45,3%) in assistant professor positions more male are concentrated in the positions of professors. In the Science Sector's Council and management board of Latvian Science Council male is considerable predominant.

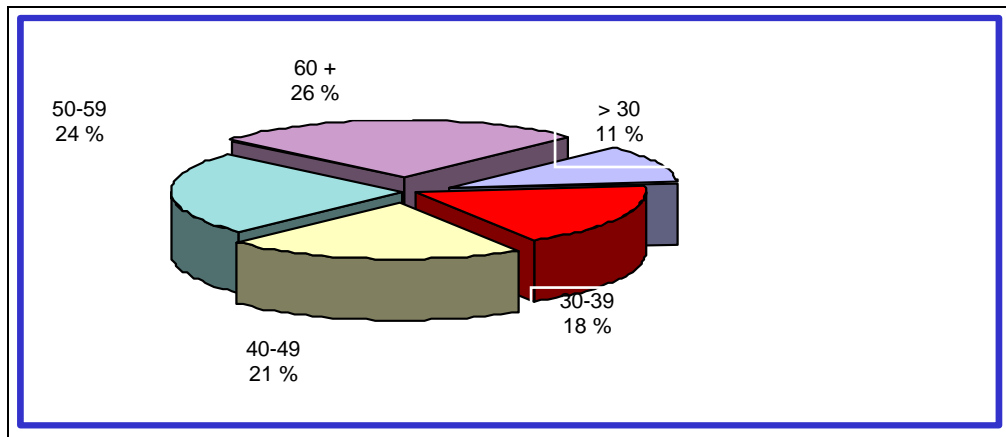


Figure 9: Age Structure of Academic Staff State Higher (Tertiary) Education Establishments

Source: Ministry of Education and Science

120. The number of academicians with a scientific degree is diminishing as well – 48% (in 2002 – 50%). For the present the State is insufficiently engaged in the elaboration of incentives for expansion of doctors’ programmes and research in the higher education institutions. Although the number of researchers and explorers in higher schools has increased, it is still not sufficient.
121. 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 are older than 50 years. The percentage of those studying in doctors’ programmes is only 1,4% in comparison with the percentage of 5-6% in other European Union Member States. The number of persons who have been awarded a Doctor’s degree is insufficient. The number of persons with Doctor’s degrees is low not only in comparison with EU Member States, but also with our neighbouring countries Lithuania and Estonia. For instance, in 2004, the number of doctoral students in Sweden was 18000, amounting to 5.3% of the total number of students, in the Czech Republic – 11500 students amounting to 6.6% of the total number of students. On average in 2004 graduate doctoral students in Lithuania and Estonia accounted for 2.5% of the total number of students. In 2004, in Latvia there were 1428 doctoral students and only 85 of them have been awarded Doctor’s degree accounting for 0.4% of the total number of students. Today students show an increasing interest in Doctor’s degree studies (in 2006 there were 1797 doctoral students and 106 of them have been awarded Doctor’s degree) but the rate of this increase is still unsatisfactory. This is cause for particular concern due to the problems of the aging of academic staff. Due to these reasons during the next 2-3 years a vital shortage of scientific personnel will be expected and that could make a trouble for effective and successful utilization of EU funds in R&D activities. To ensure the wholesome replacement of aged academic staff and scientific personnel at least 300 students per year have to be awarded a Doctor’s degree by estimations of MoES and experts. But 400-450 new doctors per year are necessary to increase a number of insufficient scientific personnel.
122. Among other causes, there is, for example, the fact that the academic staff of higher educational establishments works 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.

123. 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 and correspondence to qualification demands in the country, especially in the regions outside Riga;
- Necessity to improve curricula, elaborate new courses, study modules and form new integrated study programmes accordant to labour market.
- 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

124. 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.

125. The unbalanced social economic development creates different possibilities for rural and urban residents to acquire high quality education throughout their entire life.

126. The ESF supported national programme "Development and Implementation of Lifelong Learning Strategy" was commenced in August 2005. Within the framework of the programme a survey was made on the accessibility of education in the State, including the regional aspect.

127. Wider lifelong learning opportunities are available for persons capable to pay for the education. Larger quantity of adult residents in Latvia (particularly outside Rīga and Rīga region) doesn't have free resources to invest in education. The lifelong learning supply is comparatively limited outside the national and regional significance development centers. That requires additional costs for people living in rural areas and local development centers to participate in the education programs and courses held in cities.

128. It is important to provide a support and lifelong opportunities for different groups of persons – economically active and also economically passive residents, including society groups at risk of social exclusion:

- persons with low level of education and skills;
- persons with disabilities;
- persons from low income families, self-employed and economically passive persons involved mainly in housekeeping activities;
- pre-retirement age and retired persons;
- prisoners and persons released from prison.

129. According to the results of population census in 2000 approximately 7,4 % of adult residents in Latvia (of them 2,9% male, 4,5% female) doesn't have acquired primary

education. Probably this number is even higher as 10% of the population didn't provide information about their education level. During the last years the number of youth leaving the school without completed primary education is increasing. Due to several reasons 16% of students of vocational education programmes (accordingly 10% male, 6% female) were expelled in the study year 2004/2005.

130. For youth up to age 18 there are possibilities to return back in the formal education system but for persons over 18 these opportunities are limited. At present only 34 evening schools for extramural education are available. There is a lack of alternatives for continuing education. Employers are not willing to offer job opportunities for people with low education and skills. Wherewith the proportion of persons under the risk of social exclusion is increasing.
131. The possibility for successful job searching and employment depends on education level, basic knowledge and qualification acquired. In 2004 unemployment rate in the 15-19 age group of economically active persons reached 31,2%¹⁷ (25,5% male, 39,7% female), in the 20-24 age group unemployment rate was 14,1% (13,65 male, 17,2% female). Frequently these young people were with low level of education and skills.
132. Low workforce mobility caused by insufficiently developed traffic infrastructure in less developed regions creates limited lifelong learning accessibility for rural population particularly housekeepers and economically passive persons. No sufficient measures are taken focused on the further education for parents especially women returning from child care leave.
133. A little attention is paid to the inclusive labour market and necessary education for pre-retirement age and retired persons. In 2004 employment rate in the 55-59 age group was 63,7% (72% male, 57% female), in the 60-64 age group – 33,8% (41% male, 28% female)¹⁸. These data show that women in pre-retirement age and retired are considerably less involved in the labour market than the same age man regardless the higher proportion of women at that age.
134. Limited opportunities for education and continuing education are offered for persons with disabilities. Employment rate between disabled people reaches only 10%. 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.
135. Insufficient education accessibility is available for persons in imprisonment. In 2005 there were 6965 people in prisons and custody: 6419 male adults, 305 female adults and 241 juvenile offenders. Nearly 1/3 of prisoners were in age 15 -25 where almost every tenth was infant at the age of mandatory education. There is a high rate of persons with low and very low education level. 23% of the convicted in 2005 had no completed primary education and 31% had no secondary education. In school year 2004/2005 prisoners were able to obtain vocational education accredited by vocational education programmes only in 6 prisons (total number of prisons in Latvia are 15).
136. The policy of adult education is elaborated by the Ministry of Education and Science in Latvia. The goals, tasks and policy indicators of adult education are determined in the “Lifelong Learning Policy Guidelines for 2007-2013” (approved by the Cabinet of Ministers of the Republic of Latvia on February, 2007).

¹⁷ Central Statistics Bureau data

¹⁸ Central Statistics Bureau data

137. 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 regions of planning have elaborated the action programmes for Lifelong Education policy implementation. There is a necessity for supporting the implementation of these projects in concordance with the need of continuing education for 20 000 people in regions, mostly pre-retirement aged people and those who have to develop basic skills.
138. 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.
139. The continuing education of already employed workers and investments of employers into human resources is not adequate. Employee training that is organised and financed by the company mostly takes place in big companies (70% of the total amount).
140. In 2004, 5 731 continuing education programmes (granted and not granted with licence) were offered to the public. The number of persons involved in these programmes constituted 266 622 or 18% of residents in giving age¹⁹. Most adult continuing education programmes are supplied in social sciences, humanities, commercial law and administration (in total 57%) and also languages because these have a comparatively lower cost. The supply and number of trained people are insufficient in natural sciences and mathematics, engineering sciences, manufacturing and the fields supporting knowledge-based economy. The education programmes and courses not always comply with the requirements of labour market.
141. 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.
142. 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.
143. State has not unified approach and system for organisation of educators' continuing education. There is not sufficient number of prepared continuing educators. The continuing education curricula are dispersed and not target-oriented. Educators have no knowledge and skills in work with different social groups and the application of new technologies and modern cooperation methods.

¹⁹ Central Statistics Bureau data

144. 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%).
145. Development goals of the educational system are defined in the “Education Development Guidelines for 2007 – 2013“. 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 with the needs of the national economy.
146. Major issues:
- The insufficient accessibility of lifelong learning for residents in various age and social groups, insufficient supply of lifelong learning with career counselling and imperfections of lifelong learning policy tools;
 - Weakly developed informal education system (limited understanding of informal education in society);
 - Elasticity missing for “second chance” education possibility for youth and adults;
 - Lifelong learning system for educators not ensuring qualitative and appropriate further education possibilities for all pedagogic staff;
 - 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

147. 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 tuberculosis 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.
148. 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 2004²⁰.
149. Educational establishments also provide training for adults, unemployed and people searching for employment, including the disabled. This training is often not available

²⁰*Informational report on the progress of implementation of the National Action Plan of Latvia 2004-2006 on Eradication of Poverty and Social Exclusion.*

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

150. 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).
151. 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.
152. 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.
153. 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.
154. 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.
155. 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.

Educators

156. 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”.

157. “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.

158. 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.

1.3. Employment and Unemployment

159. 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.
160. 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

161. From 1999 to 2005, the employment rate in Latvia increased by 4.5 percentage points reducing the difference with the average EU indicator, which was 63.8% in 2005²¹, to 0.5 percentage points. Female employment rate was 59.3%, which was by 3 percentage points higher than the EU average, but male employment was 67.6% falling behind the average EU indicator by 3.7 percentage points²².

Table 4: Main Employment Indicators

	LV					LV targets set in the policy documents		Reviewed LV targets according to the data of 2006		EU 25	EU targets	
	2002	2003	2004	2005	2006	2010*	2013**	2010	2013	2005	2005	2010
Employment rate (15-64)	60,4	61,8	62,3	63,3	66,3	67,0	68,0	68,0	70,0	63,8	67,0	70,0
Employment rate for women (15-64)	56,8	57,9	58,5	59,3	62,3	62,0	64,0	64,0	66,0	56,3	57,0	60,0
Employment rate for older workers (55-64)	41,7	44,1	47,9	49,5	53,3	50,0	52,0	54,0	55,0	42,5		50,0
Level of economic activity (15-64)	68,8	69,2	69,6	69,5	71,3	-	69,6		72,0	70,2		-
Unemployment rate (15-74)	12,2	10,5	10,4	8,9	6,8	<8,0	<7,0	6,0	5,5	8,7		-
Long-term unemployment rate (15-74)	5,7	4,3	4,3	4,1	2,5	3,8	3,5	2,3	2,0	3,9		-

Source: Eurostat,

* Targets set in the National Reform Programme for 2005-2008

** Targets set in the National Development Plan 2007-2013

162. From 2004 to 2006 the employment level of ethnic minorities demonstrated an increase, lagging from the average employment level in Latvia only by 1 to 1,2 percentage points.

Table 5: Employment level (age group 15-64),%

	2004	2005	2006

²¹ Comparison of the employment rate of residents in the age group 15 – 64.

²² Source: EUROSTAT.

Total in Latvia	62,3	63,4	66,3
Latvians	62,8	63,9	67,0
Ethnic minorities	61,3	62,4	65,1

Source: CSB Labour Force Survey

163. 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.
164. 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. 4.8% of the total number of employees worked part-time in 2005 (for men this indicator was 3.8%, for women – 5.8%). Latvia's indicators in respect to part-time employees are significantly lower than the average in the EU countries (11.4% of the total number of employees, 4.7% male, 17.9% female)²³. 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.
165. According to the EUROSTAT forecasts, the number of inhabitants in Latvia will decrease from 2.29 million in 2006 to 2.12 million in 2020 and 2.02 million in 2030. EUROSTAT calculations show significant increase in the average age of inhabitants from 40 years in 2006 to 44 years in 2030. Difference between average age of males and females will slightly decrease. Forecasts show that the number of inhabitants in the age group 15-64 will start to decrease after 2010. Until 2010, the situation will be beneficial and the number of employed persons will remain approximately the same, because a number of young persons born in late 80-ies will enter the labour market. The share of persons aged 15-64 will even slightly increase until 2011 because of decrease in the number of children. However, sharp decrease in the number of working age population is unavoidable. Decline in the number of births during last 15 years will result in ageing population after 2010. The group of persons aged 20 to 39 will decline from 30% in 2011 to 22% in 2030. The group aged above 65 will increase from 16.8% in 2006 to 21.3% in 2030.²⁴

²³ *Labour Force Survey results, EUROSTAT.*

²⁴ *Latvian National Report on Sufficient and Sustainable Pensions 2005, Calculations and Forecasts of the Ministry of Welfare.*

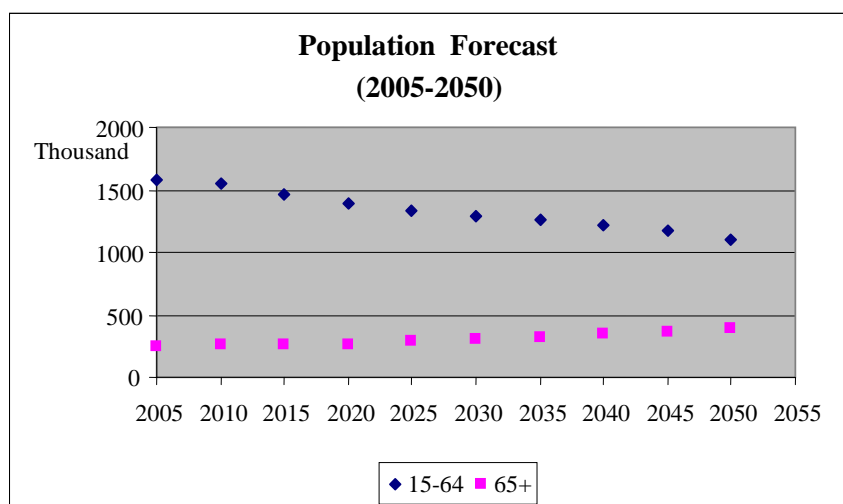


Figure 10: Population of Economically Active (Working) Age and Older (2005 - 2050)

Source: Indicators of Calculations by the Ministry of Welfare

166. Taking into account the reorientation of the national economy from a planned to free market economy, as well as insufficient opportunities of life-long learning, during the last decade it has been noticed more and more that skills and abilities of the labour force do not comply with the requirements of the labour market. In order to monitor the labour market and identify the lack of labour force in particular sectors of the national economy and the groups of professions, there was done a "Detailed research of workforce and labour market in national economy sectors" within the framework of ESF National programme "Research of labour market" from 2005 to 2007. The research gives more detailed information about problems in the labour market and develops also recommendations how to solve them. The research concludes that major workforce demand is expected in construction, manufacturing and mining industry. However, the demand of the workforce may be reduced by increasing the capital in such industries like agriculture, fishery, mining and manufacturing industry, wholesale and retail, transport and communication, and finance industry. The increase in labour productivity is the most realistic way how to reduce the demand for workers in building and construction sector, wholesale and retail, hotels and restaurants. The research admits that the forecasted development rates will be possible to achieve by increasing the number of workers in such industries like electricity, gas and water supply, operations with real estate, rent, computer services, science and other commercial services, state administration and defence, education and social care as well as public, social and individual services.
167. According to the research, only 3,4% of employees in enterprises are foreigners . Analysis of reasons for hiring foreigners concludes that recruitment is justified by higher qualifications (46,8%) and the lack of domestic labour force (22,6%). According to forecasts, there will be a labour shortage in 106 from 120 examined professions in 2007 while in 2013 labour shortage is expected only in 86 professions.
168. In order to ensure sustainability of the results, further support is necessary to establish and strengthen a long-term forecasting system of the labour market, to carry out labour market studies and strengthen the capacity of institutions involved in the monitoring of labour market.
169. Migration of the labour force has become one of the most topical issues in Latvia in 2006. The first emigration wave of the labour force started on 1 May 2004, as with the accession of Latvia to the European Union on 1 May 2004 an opportunity was given to

the residents of Latvia to work in the new Member States and three old member States – Ireland, Great Britain and Sweden - without limitations. Together with the issue of labour force emigration, increasingly closer social attention is also paid to the immigration policy, considering the necessity to import a labour force from third countries. Taking into account the expected aging of residents, it is essential for Latvia to formulate a migration policy of the labour force in a coordinated and integrated way, also directing attention to the solution of such issues as returning émigré Latvian citizens, their reintegration and improving working conditions in Latvia..

170. There has been developed the research “Geographic Mobility of the Labour Force” (hereinafter – research) within the framework of the project “Research of the Ministry of Welfare” of the ESF National Programme “Research of labour market”. The results of the research reveal that the relatives of surveyed respondents – approximately 86 thousand persons aged between 15 and 65 - work or study abroad, mostly in Great Britain, Russia, Ireland or Germany. Results from the survey conducted within the framework of the research indicated that the most important reasons for the willingness of the inhabitants to work abroad are - higher salary (84.7%), good working conditions (30.8%) and an opportunity to gain a new experience (25.4%). Approximately 1/5 of respondents admitted that they would like to go to work abroad in the coming years. However only the half of them had done something to carry out this plan. Those who have expressed their will to go to work abroad most frequently are youngsters aged below 24, males, persons with the primary and secondary education, persons living in Latgale and Zemgale regions. The salary and working conditions are mentioned as the most important emigration reasons, but it is necessary to mention also undeveloped infrastructure - transport system, lack of kindergartens etc. that make internal mobility and integration in the labour market difficult. Nevertheless, survey concludes that emigration, in general, will be short- term and the economic development will foster return of the workforce to Latvia.
171. 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.
172. Employment rate is higher in the Riga region (72% in 2006) and in Pierīga (70.2%), but it is lower in Zemgale (65.5%), Kurzeme (63,6%), Vidzeme (63%) and Latgale (56,8%). Differences in infrastructure, geographical location and access to resources influence the development in regions. Geographic mobility (domestic) of the workforce is limited, taking into account inadequate transport infrastructure, high rents, insufficient supply of housing that reduces the possibilities of territorial cohesion.
173. Within the ESF national programme "Labour Market Studies", the Ministry of Welfare is implementing several studies concerning labour market issues, including research on geographic labour force mobility. According to the research, the highest internal mobility is between Riga and Riga region (Pierīga), although the number of emigrating people from these regions is decreasing. Analysing the 12-year period from 1993 to 2004, the positive net result of migration was in two regions only - Riga region and Zemgale region. The largest increase of the number of population because of internal migration has been in Riga region- the number of inhabitants increased by 27,8 thousand people which is 7.6% from the total number of people living in the region in 2004. The survey showed that the inhabitants mostly were migrating within their region- in Vidzeme region 60% of migrants did not cross the border of the region, in

Kurzeme region- 66%, in Latgale region- 69% and in Zemgale region- 61%. The highest demand for workers with higher education was observed in Riga, as more than a half of respondents with higher education from other municipalities were commuting or moving to Riga. Workers with higher education in Latgale also have high internal mobility rate (31.2%). The main reasons for internal mobility are- work, studying and domestic reasons. Overall tendency is that people with higher or vocational education are more mobile than those with elementary education.

174. Despite the comparatively low retirement age, employment rate in the age group 55-64 was relatively high in Latvia in 2006 – 53.3% (EU-25 data for 2006 - not available; in 2005 - 42,5%) and has increased in comparison with 2000 by 17.3 percentage points. Taking into account the priority of active aging policy in the EU, the planned increase of retirement age to 62 for men and women, as well as the range of active employment measures, further improvement of the employment rate is anticipated.
175. Share of self-employed persons within the total number of employed is 7%, whereas in the EU-25 the average is 16% (in Latvia there is one of the lowest indicators, while in Estonia - 8%, in Lithuania, Denmark and Slovenia – 9%, in Greece – 32%).
176. Although the labour productivity is increasing (comparing the labour productivity of one employed person in 2005 with the same data in 2000, the indicator has increased by 8,9 percentage points), it is still remarkably lagging behind the EU average and forms only 47,3% of it.
177. 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).²⁵

Unemployment

178. Unemployment rate in Latvia in the 15-74 age group has decreased from 14.0% in 1999 to an average of 6.8% in 2006 (the EU-25 average indicator in 2004 – 9.0%). Unemployment rate indicator for men was by 0.3 percentage points higher and for women by 2.8 percentages point lower than the average in the EU-25 in 2006²⁶. According to the data of the State Employment Agency, the level of registered unemployment in Latvia was 6.5% at the end of 2006, which is by 0.3% percentage points lower than the evaluation in accordance with the International Labour Organization's (ILO) methodology.²⁷
179. Unemployment level for ethnic minorities (within the age group of 15- 64) has fallen by 4.7 percentage points in 2006 in comparison with 2004 (from 13,7% to 9,0%). Decrease of the unemployment rate for ethnic minorities was even sharper than the decrease in the unemployment rate for Latvians (by 2,8 percentage points from 2004 to 2006).

Table 6: Unemployment rate (share of job- seekers) within the age group of 15-64,%

	2004	2005	2006
Total in Latvia	10,6	8,8	7,0
Latvians	8,6	7,5	5,8

²⁵National Action Plan on Promotion of Employment 2004.

²⁶EUROSTAT.

²⁷The 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.

Ethnic minorities	13,7	10,9	9,0
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Source: Central Statistical Bureau

180. The highest unemployment rate still is in the Latgale region where the share of job seekers was 10,8% in 2006.²⁸ Differences between the share of job-seekers in cities and rural areas have nearly disappeared in 2006 - 6,9% and 6,7% respectively²⁹.

Table 7: Percentage of job- seekers in the economically active population

Indicator	Rīga region	Pierīga region	Vidzeme region	Kurzeme region	Zemgale region	Latgale region
Average unemployment rate in 2006, %	5.8	4.9	6,4	7,5	6,7	10.8
Unemployment rate for women in 2006, %	6.3	5.1	5.5	6.3	7.5	7.8
Unemployment for men in 2006, %	5.3	4.8	7.2	8.6	5.9	13.6

Source: Central Statistical Bureau, Labour Force Survey

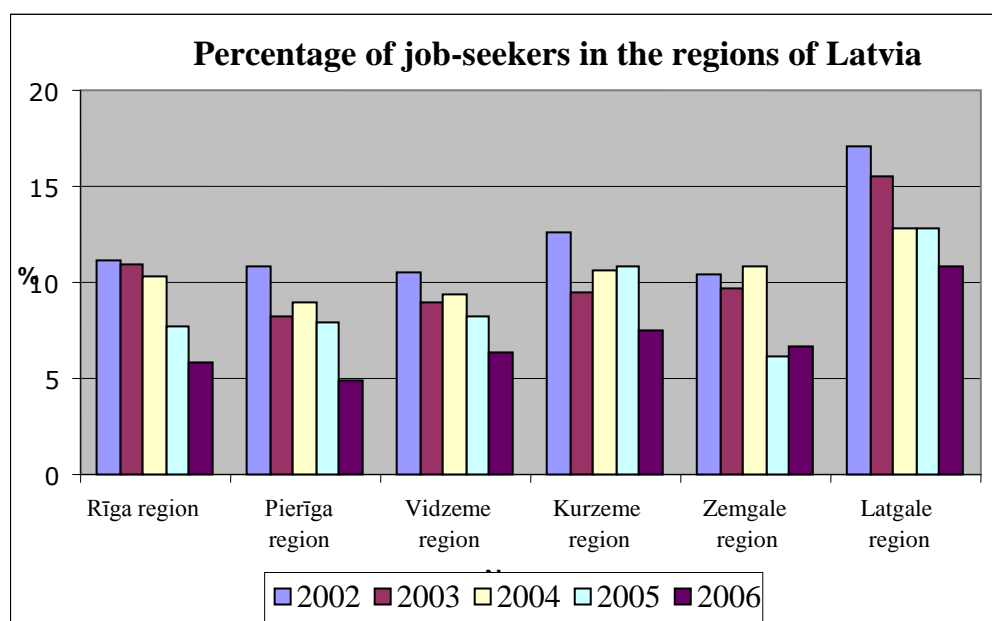


Figure 11: Percentage of job- seekers in the regions of Latvia 2002-2006

Source: CSB Labour Force Survey

181. 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.
182. The proportion of long-term unemployed in the group of working age residents in Latvia in 2005 was 4.1% (7.9% in 2000), exceeding the average EU level by 0.2

²⁸ Central Statistical Bureau. Labour Force Survey.

²⁹ Central Statistical Bureau. Labour Force Survey.

percentage points³⁰. The long-term unemployment rate decreased to 2.6% in Latvia in 2006.

183. 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 2006, 29.3% of the total number of job-seekers had primary education, 25.7% had secondary education and 31.7%- vocational education.³¹. Whereas the unemployment rate among residents with tertiary education in 2006 was 3.9%³².
184. The average youth unemployment rate (aged 15– 24) was 12,2% in 2006, which is nearly two times less than 23,6% in 1999, and by 5,1 percentage points lower than the average indicator of the EU-25 (17,3% in 2006)³³. The unemployment rate among persons in the pre-retirement age (55– 64) was 6,6%, which is by 2,9 percentages points lower than the same indicator in 2004³⁴.
185. The regional researches on the socio-psychological portrait of the unemployed done within the project “Researches of the State Employment Agency” of the ESF National programme “Labour market studies” have concluded that almost every fourth unemployed in Latvia is under the medium or high level risk of alcohol addiction, but every seventh is under the medium or high level risk of drug addiction. There can be seen the tendency of men to be more under the risk of addiction: 15% women and 38% men from the average number of employed are under the risk of addiction. If we compare the data by regions, it can be seen that the highest share of persons under the risk of addiction is in Latgale (37%), followed by Vidzeme (30%), Kurzeme (23%) and Zemgale (20%). Every ninth unemployed is under the risk of addiction in Riga region while the share is even higher among men (19%).
186. There were 642,1 thousand economically inactive people in 2006 and in comparison with 2005, the number has decreased by 5,3% (678,2 thousand in 2005). Pensioners formed 40,2% from all the economically inactive population in 2006, pupils and students- 30,1%, persons with long term illnesses or disability - 8.1%, but 8% considered themselves as housekeepers. Special attention should be paid to persons who are potential job seekers but have lost their hope to find a job or do not know where and how to find a job. Labour force survey showed that there were 25,5 thousand (4% from the economically inactive population) persons who have lost their hope to find a job in 2006 in Latvia (their number has decreased by 5,8 thousand in comparison with 2005).
187. As the decision to take part in the labour market is affected by several factors, such as marital status, health, socio-economic situation, entrepreneurial activities, accessibility to infrastructure and cultural environment, close and coordinated cooperation between different responsible institutions is necessary - considered to be insufficient at the moment. The administrative capacity of institutions engaged in the development of the unemployment policy (Ministry of Welfare, Ministry of Economy, Ministry of Education and Science, State Employment Agency, Professional Career Counselling State Agency, State Labour Inspectorate, Latvian Employers’ Confederation, Free Trade

³⁰ EUROSTAT.

³¹ Central Statistics Bureau. *On unemployment*. 24.02.2004.

³² Eurostat.

³³ Data of Eurostat.

³⁴ Data of Eurostat.

Union Confederation of Latvia, Union of Local and Regional Governments of Latvia and NGOs) is insufficient, and partnership on the local level is poorly developed for the introduction of an effective and integrated employment policy. It is necessary to introduce new measures and adjust the existing ones in accordance with the needs of such groups vulnerable to the risk of social exclusion as persons without fixed place of residence, persons with mental disorders, persons without motivation to study and/or work, persons with addiction problems and specific needs, prisoners and persons released from imprisonment.

188. Within 28 branch offices of the State Employment Agency (SEA) there were established advisory boards which consisted of social partners, representatives from state, local governments and NGOs in 2004. Their task is to analyse employment problems in municipalities and develop proposals for reducing the unemployment by developing Local Employment Action Plans every year. The representatives of local authorities best of all know the situation in their local labour market and can develop recommendations to reduce the unemployment. Therefore it is especially important to ensure the support to the implementation of Local Employment Action plans. Implementation of the plans helps to improve cooperation between the SEA and municipalities, to analyse human resources, to identify local employment problems, to analyse the contribution of the municipality and the SEA in the development of human resources and fostering employability, to plan and implement joint events.
189. 166 354 unemployed persons participated in active employment measures organized by the State employment agency in 2006³⁵. Special attention was paid to unemployed persons under the risk of social exclusion³⁶ and to unemployed persons from the regions with high unemployment rate. 65 651 unemployed persons became full-time or temporally employed in 2006 after or during their participation in active labour market measures. Quality of services has been analysed and improved in close and systematic cooperation with employers. Before 2007, services of the State employment agency mostly addressed persons under the risk of social exclusion and persons with low education level.
190. In 2005 like in 2004, in accordance with the data of the SEA³⁷ the highest demand in the labour market was for highly qualified workers and craftsmen (21 600 vacancies or 29,0% of all vacancies registered) and those employed in service and trade (11 935 vacancies or 18,7%). 25,6% of the registered vacancies in 2005 were for representatives of ordinary occupations.
191. In occupation breakdown the greatest demand was for retail shop clerks (2161 work places), auxiliary workers (1144 work places), car mechanics (1118 vacancies), fish-processors (698 vacancies), builders (683 vacancies) and truckers (614 vacancies).
192. In 2005, in comparison with 2004, the greatest decrease in the number of SEA registered unemployed was within the profession group “simple workers” (decrease by 3394 unemployed persons). While the highest increase was within the profession group “without profession” (increase by 895 unemployed persons).

³⁵ Professional training and retraining of the unemployed, improvement of their professional skills, measures for raising competitiveness, paid temporary social works, trainee jobs for youth unemployed, subsidised jobs for elderly unemployed persons (older than 55 years), subsidised jobs for the unemployed people with disabilities, measures to promote mobility of the unemployed people with disabilities, social enterprises to employ less competitive unemployed persons, etc.

³⁶ Young people (15 – 24), people at the pre-retirement age (55 – 64), job-seekers having low level of basic skills and education, people with disabilities, long- term unemployed, women after child-care leave and persons released from imprisonment.

³⁷ *State Employment Agency data.*

Breakdown of Employed in Sectors and Fields

193. In 2006 15.63% out of the total number of employed were employed in processing industry, the same percentage in trade, 10.85% in agriculture, hunting and forestry, 9.56% worked in construction, 9.28% in the field of transport, storage and communications. 8.09% were employed in the education field, the same percentage worked in state administration.³⁸ However the proportion of women and men in these sectors is very diverse, which indicates horizontal segregation of occupations.
194. Women dominate in such fields as health and social care (86% of the total number of employed), educations (82%) and hotels and restaurants (83%). While men dominate in such fields as construction (94%), transport, storage and communications (69%), agriculture, hunting and forestry (64%)³⁹. Besides, surveys 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 men⁴⁰.
195. 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 2006 the average female pay in Latvia was by 17.6% 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 30.5- 43.7% less than men. The EU-25 average indicator in difference between female and male pay is 15%⁴¹. 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 2006 out of 37,300 employers 23,300 (or 62.5%) were men, 14,000 (or 37.5%) were women.⁴² 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 (58.7%), while the majority of senior specialists, specialists, servants and service and trade employees are women (59-83% of the total number)⁴³.

Table 8: Number of Men and Women by Occupational Area and Comparison of Work Pay

	Average Annual Number of Employed Residents by Type of Employment in 2006				Male and Female Work Pay by Type of Employment, LVL in 2006		Female Pay in % from the Average Male Pay	
	Total	Thousands of People		% of Total		V		S
	Thousands of People	V	S	V	S	V	S	
Total	1088	559	528	51%	49%	296	244	82,4
(A) ⁴⁴	118	76	42	64%	36%	242	211	87,2%

³⁸ Central Statistics Bureau, Labour Force Survey.

³⁹ Central Statistics Bureau, Latvian Statistics Yearbook

⁴⁰ Awareness and Perception of Gender Equality in Population of Latvia, SKDS, 2001.

⁴¹ Report on Equality between Women and men 2006. Employment and Social Affairs DG, European Commission 2006.

⁴² Central Statistics Bureau, Labour Force Survey

⁴³ Central Statistics Bureau, Labour Force Survey.

⁴⁴ 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.

(B)	2			207	149	72,0%
(C+D+E)	196	114	81	58%	41%	278	216	77,7%
(F)	104	98	6	94%	6%	242	226	93,4%
(G)	170	64	106	38%	62%	269	187	69,5%
(H)	29	5	24	17%	83%	210	154	73,3%
(I)	101	70	31	69%	31%	319	283	88,7%
(J)	25	7	18	28%	72%	985	555	56,3%
(K)	61	31	29	51%	48%	317	260	82,0%
(L)	88	46	42	52%	48%	357	355	99,4%
(M)	88	16	72	18%	82%	275	250	90,9%
(N)	51	7	44	14%	86%	301	260	86,4%
(O)	49	20	29	41%	59%	278	195	70,1%

Source: Central Statistics Bureau, database data.csb.lv

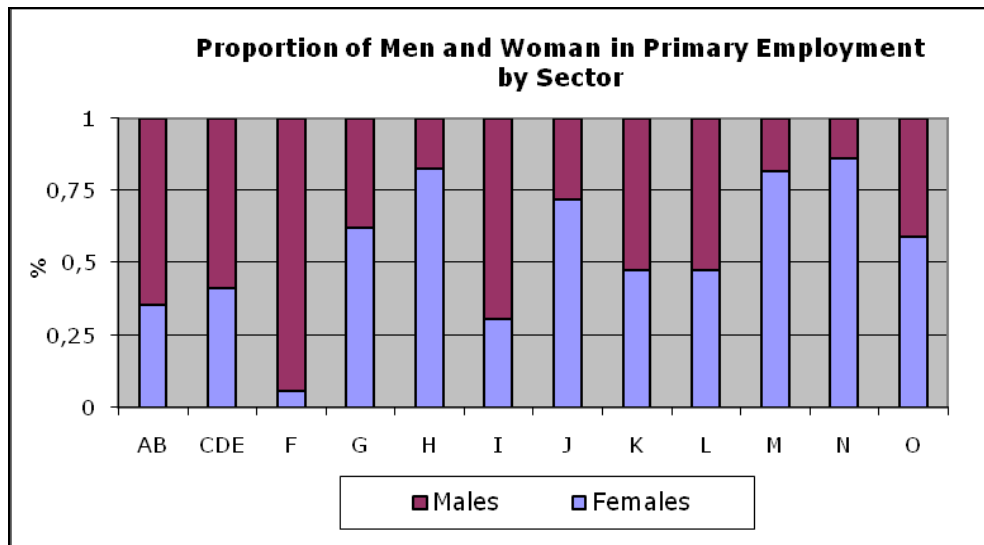


Figure 12: Proportion of Men and Women in Employment by sector in 2006

Source: CSB

Institutions responsible for implementation of labour market policies

196. The SEA provides services to more than 100 thousand clients monthly on average, PCCSA- 4 thousand clients. Number of service recipients and clients tends to increase. In order to develop the SEA and PCCSA infrastructure, from 2003 to 2007 financing had been allocated from the State Investment Programme (SIP), PHARE and the EU Structural funds. The SEA has developed the information system BURVIS (the system for registering the unemployed and vacancies) with the assistance of PHARE and the EU Structural Funds to ensure timely information about the employment situation in Latvia. The unemployed persons will have the possibility to submit their CV via the Internet portal and choose the most appropriate vacancies. The employers will have the opportunity to publish information about vacancies and to select the most appropriate employee. The SEA provides services to its clients without regard to their place of residence and administrative territory.
197. 11 SEA branches and 21 sector was renovated with the assistance of the SIP, PHARE and EU Structural Funds, accessibility for people with physical disabilities was improved in 12 SEA branches and also working places in SEA sectors and branches have been equipped. PCCSA with the support of the SIP, PHARE and EU Structural Funds has developed 7 new consultation offices in regions of Latvia, 4 regional centres have been repaired, accessibility of the environment has been improved for people with disabilities, the working places have been equipped, the information system of PCCSA and new home page has been developed ([HTTP://WWW.KARJERASCENTRS.LV](http://www.karjerascenrs.lv)). Nevertheless, the existing infrastructure and IT system still is not providing equal opportunities for the clients of all branches and sectors. Therefore it is necessary to improve the IT system to provide clients with up-to-date and high-quality services, efficient and fast exchange of information among branches and service centres, as well as to ensure operation of a joint customer registration system. Besides, from 2004, SEA has had to ensure the compatibility of registers with the EU-level databases (EURES).
198. The need for investments in the IT, databases and infrastructure of SEA, PCCSA and the State Labour Inspectorate is justified by the following strategic documents and reasonable needs:
- The Medium-term activity and development strategy for 2004– 2007 of the State Employment Agency, which sets the task to provide information on the supply and demand of labour market and on the availability of services provided by the SEA and efficient and fast exchange of information, to improve the quality and efficiency of services provided by the SEA, to ensure the availability of services and efficient administration of services, including updating of IT systems and data bases and equipment.
 - The PCCSA Medium- term Action and Development Strategy for 2004-2007, that sets the main objective of the Professional Career Counselling State Agency: the development of infrastructure, better service and management quality, including on-line access to professional career information and data bases, as well as modernising equipment.
 - The Strategy Plan for 2002 – 2006 of the State Labour Inspectorate defines as a priority the practical implementation of laws and rules, inter alia, efficient monitoring and control through awareness campaigns and consultations and establishment of databases and information flow systems, and improvement of infrastructure.

Working Conditions

199. 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.
200. According to data of State Labour Inspectorate, 1568 employees suffered from work accidents in 2005. 56 of these were lethal cases and 275 resulted in serious injury. When compared to 2004, number of employees suffered from work accidents has increased overall by 166 (11.8%), serious injury cases by 21 (8%), but the number of lethal cases declined by 5 (8.2%)..
201. Breakdown of accidents by company size shows that majority of accidents have taken place in medium-size companies with 50 to 249 employees (551 employee suffered, 35% from total). 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 9: Number of Occupational Diseases and Workplace Accidents

	2000	2001	2002	2003	2004	2005
<i>Occupational diseases</i>	224	323	436	563	796	784
<i>Number of work accidents per100 000 employees</i>	146	140	150	145	136	169
<i>Number of death cases per100 000 employees</i>	49	68	56	39	57	56
<i>Number of companies inspected by SLI</i>	10 078	10120	10328	11001	9759	12095
<i>Number of inspectors at SLI</i>	181	181	181	186	186	195

Source: Annual Reviews of the State Labour Inspectorate

202. 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.
203. 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 necessary, 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.
204. 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.

205. In recent years, working hours in the EU have a tendency to decrease, while in Latvia they have a tendency to increase. In 2004 it reached 42.8 hours per week (in 1999 – 40.3 hours) causing overwork of employees and leaving a negative impact on labour productivity⁴⁵.
206. Main priorities and objectives of Latvian employment policy are:
- to support development of qualifications and retraining of employees in enterprises;
 - to foster an inclusive labour market, increasing the range of active employment measures to improve competitiveness of the unemployed, especially groups of residents that are subject to the risk of exclusion, in the labour market, through the improvement of cooperation between the State Employment Agency and employers;
 - to support the integration of economically inactive residents in the labour market;
 - to promote economical activities in poorly developed regions through the improvement of the business environment, promotion of entrepreneurship and self-employment and the support of initiatives for promotion of local employment;
 - to develop a short-term and long-term forecasting system of supply and demand of the labour market;
 - to continue to inform and educate the society on gender equality in the labour market;
 - to foster more extensive use of opportunities for reconciliation of working and family life in the society;
 - to deal with the problem of undeclared work in a more intensive manner and to stimulate people to engage themselves in the formal economy, inter alia, strengthening the institutions of state control and associations of social partners;
 - to extend education and training opportunities, especially for persons with low qualification, as well as to develop life-long learning at the same time improving the quality of education and developing measures of professional career counselling;
 - to strengthen the capacity of labour market institutions and foster employment partnership and social dialogue to provide high quality services and to improve work methods.
207. The main employment and unemployment-related problems are:
- regional labour market disparities,
 - the quality of education, abilities and skills of the labour force do not comply with the requirements of employers;
 - low internal mobility of the labour force,
 - relatively high rate of undeclared employment in particular spheres of national economy (construction, manufacturing industry, agriculture and transport services);
 - increased unemployment risk to young people, individuals after child care leave, individuals with weak Latvian knowledge, people with disabilities and other social exclusion risk groups,
 - potential lack of the labour force, according to the demographic forecasts after 2010, that will be also caused by substantial changes in age structure of the labour force, when there will be a rapid decrease in the number of young people and increase in the number of the elderly;
 - the share of unemployed in the group of uneducated and unskilled inhabitants in Latvia is comparatively high,

⁴⁵ EUROSTAT.

- indications of gender discrimination can be observed in the labour market: women carrying out the same job as men on average receive smaller salaries than men, people do not have information on possibilities to complain about gender discrimination, etc.;
- proportion of women and men by spheres of the national economy is very different - indicating the horizontal segregation of professions;
- lack of child-care and social services hinders the involvement of persons taking care of dependant persons (usually women) in the employment relations;
- Latvia has a comparatively large proportion of accidents at work, employers and employees do not have sufficient information on issues regarding labour protection;
- insufficient administrative capacity and mutual cooperation of institutions involved in the process of establishment and implementation of employment policy, poorly developed partnerships on the local level for the implementation of efficient and integrated employment policy;
- lack of high quality labour force in particular spheres of the national economy (for example, in construction) and migration of the labour force, mainly to the Western Europe;
- low economic activity of residents and the number of self-employed residents.

1.4.Social Inclusion

208. Social exclusion means failure of an individual or a group of people to fully or partly enter society, when individuals or groups of people have no opportunities or limited opportunities to receive goods, services, resources and rights that are essential for the development of a person and ensure a wholesome life of a person in the society.
209. Social inclusion is a process promoting elimination of poverty and social exclusion risks, and full-fledged inclusion of all individuals in functioning of society. Implementation of the social inclusion policy of Latvia is carried out in compliance with the joint EU social inclusion process, the objective of which is to substantially reduce poverty in Europe by 2010.
210. Along with the economic growth, the income of citizens grows as well. The income of the workers in year 2005 increased by nearly 10%. In comparison with 2003, household income increased in 2004 by 17% or by LVL 14 (EUR 20) per one household member per month. Although income levels have increased for all types of households, remarkable income disparities exist between urban and rural areas, as well as between Riga and its region and other regions. Latgale still demonstrates the lowest average household income per one household member per month - LVL 67.2 (EUR 96), while Riga shows the highest one - LVL 135.24 (EUR 192). In 2004, the risk of poverty has grown for several population groups. Remarkable increase has been noted for retired persons (65 years of age and over) living alone (28% in 2003, 53% in 2004). The risk of poverty has also significantly risen for families with children having a single breadwinner, usually woman (35% in 2003, 41% in 2004). Single-person households are under 40% risk of poverty. A relatively high risk of poverty - 32% - can still be seen among large families (families with 2 adults 3 and more children).⁴⁶
211. In order to coordinate the EU social inclusion process better and to promote a better understanding of issues concerning poverty and social exclusion and its aspects, as well as to mobilise all parties involved and foster mutual learning, the open method of coordination is being applied.
212. Groups of residents in Latvia that are more vulnerable to social exclusion risk than others or are subject to several risks simultaneously are large and single-parent families, disabled persons (persons with functional disorders – vision, hearing, mental and other types of disorders), persons with potential disability, the unemployed, especially the long-term unemployed persons, young people that do not study or work, the elderly (55+), parents, especially women after child-care leave, prisoners, persons released from imprisonment, homeless persons, victims of trafficking and violence, persons with addiction problems, parents of a child with disability, persons who have to take care of a family member, persons with low level of basic skills and education, ethnic minorities.
213. The said groups of residents may need support in spheres like education, employment, health care, social services and other, besides their problems, causes and solutions required may differ within the framework of one group. A person may be subjected to several risk factors of social exclusion or disability, which requires different approaches and solutions.

Promotion of employment and inclusive labour market

⁴⁶ National Report on Strategy for Social Protection and Social Inclusion 2006-2008

214. 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.
215. In time period from 2002 to 2006 long-term unemployment (12 months or more) rate diminished more than twice. In 2006, 2.6% of total economically active inhabitants were long-term unemployed. The proportion of long-term unemployed within the age group 55-64 is the largest among other age groups– 3275 unemployed persons (20.5% from the total number of long-term unemployed).

Table 10: Breakdown of long-term unemployed by age groups on 31.12. 2006

Age group	15-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60 +
Long-term unemployed by age groups, %	5,4	6,7	9,3	10,9	13,0	16,8	17,4	18,8	1,7

Source: State Employment agency

216. Youth unemployment (age group 15-24) remains relatively high- 12.2% in 2006. 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.
217. 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.
218. 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.
219. 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 ⁴⁷ data suggest that ex-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.
220. Not every prison provides an opportunity to gain education, as well as has an appropriate resource and technical base. This fact creates serious obstacles for people to integrate into labour market after being released from prison. On 30 December, 2005, there were 6970 people in prisons (including 395 women), 192 out of those were juvenile. In school year 2004-2005, all-round education could be obtained in nine prisons, however in six prisons there were no all-round education activities at all.

⁴⁷ LLU FSI research of 2003 "Probability of Social Exclusion and its Causes to Groups of Population at Risk of Unemployment."

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 trades⁴⁸

221. Return to labour market for women after child-care leave is burdened by obsolescence 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.
222. According to the labour market studies done by the State Employment Agency (SEA) about social-psychological portrait of the unemployed, prospects of the unemployed in the labour market depend largely on their previous experience and the duration of unemployment. The survey showed that approximately every sixth unemployed in Latvia did not have professional experience and every fourth unemployed was registered as unemployed for more than one year, but every fourth unemployed in Latvia was not looking for a job at all. According to the studies, there are several factors which facilitate the long-term unemployment:
 - Social factors (remuneration, problems with infrastructure, lack of working places, domestic or family problems, low education level, qualification problems etc.);
 - Physiological factors (age, disability, health problems, functional disorders etc.);
 - Psychological (lack of motivation, inactivity etc.).
223. According to the research done by the Society Integration Fund, there are no evident disparities between the young people from different nationalities comparing their knowledge, work motivation and success at work. Results acquired during several studies allow to conclude that the main reason why the unemployment level of ethnic minorities is higher, is the lack of state language knowledge, which reduces possibility to gain the desired work. According to studies by the State Employment Agency, less than one third of the total number of unemployed whose native language is not Latvian assessed their level of state language knowledge as "good" The same number of unemployed told that their state language knowledge is "poor". Approximately each eighth unemployed has poor state language knowledge, in Riga - 12,2%, in Latgale - 23,1%, in Vidzeme, Kurzeme, Zemgale the percentage does not exceed 4%. The studies showed that the poor knowledge of Latvian reduces the intensity of job- seeking. Another factor that may explain higher unemployment rate for ethnic minorities is high

⁴⁸ *Data of Prison Administration*

concentration of ethnic minorities in the Latgale region where the unemployment rate is high because of several socio- economic factors.

Table 11: Breakdown of unemployed persons by region and state language knowledge (%)

	Regions					Total
	Riga	Vidzeme	Kurzeme	Zemgale	Latgale	Latvia
Native language	47,0	78,6	75,0	70,1	42,9	55,9
Good knowledge	17,8	11,6	11,7	16,0	12,3	14,3
Medium	23,0	7,2	9,1	10,2	21,8	17,3
Poor or no knowledge	12,2	2,6	4,2	3,7	23,1	12,4
Together	100,0	100,0	100,0	100,0	100,0	100,0

Source: Research of the State Employment agency

224. According to CSB data, 8512 Latvian Roma resided in Latvia in 2006, which is 0.4% of total population in Latvia. A proportion of Latvian Roma 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 market⁴⁹ - less than 5% of adult Latvian Roma have entered official labour relations, 10% of Latvian Roma are registered as officially unemployed. Latvian Roma has 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.
225. 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,
 - ex-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

226. Social services can not be efficiently provided without 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 workers 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).

⁴⁹National Action Plan of Latvia on Eradication of Poverty and Social Exclusion 2004-2006.

227. 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.
228. 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.
229. 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.
230. 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 2005 and 2006 remained almost unchanged. In 2006, state ensured social rehabilitation measures for abused children, children addicted to psychoactive substances, disabled with visual or hearing impairments, persons with functional impairments, victims of trafficking. In 2004, social rehabilitation services received 9910 persons, in 2005- 15970 persons, in 2006- 17821 person. Accessibility of social rehabilitation services, especially to heavily disabled, is not adequate to ensure decrease of social exclusion.
231. At the end of 2005, 30 institutions (int.al. 24 state, 5 municipal, 1 private) provided state budget- financed services for 4133 mentally-disabled persons (in comparison- 4381 person in 2004), and one institution– for 213 disabled with visual impairments. Demand for services for persons with mental disorders is invariably high (750-800 persons per year are waiting for receiving rehabilitation services). In order to ensure varied and effective social care and social rehabilitation services that fit to clients' individual needs and quality requirements and are accessible in all regions of Latvia thus reducing social exclusion and promoting inclusion of the groups at risk of social exclusion and their family members into the labour market, it is necessary to develop alternative social care services provided near to place of residence of the client.
232. Day care centres provide care, skills development, education and leisure activities to elderly people, mentally-disabled, physically-disabled and other groups; however, accessibility of services varies from region to region. In 2005, in all regions 77 day care centres operated to service 23222 clients. Promotion of alternative treatment includes state funding for 4 years after start-up of a day care centre for mentally disabled. Day care centres provided social care services to 203 persons in 2006 ensuring care that fit to persons physical and mental disablements.
233. 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.

234. 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.
235. Disability evaluation system in 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 are 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.
236. 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 (2227 persons in 2005). Around 2000 persons aged 16-55 are entitled to these services every year. State budget allocations provided to rehabilitate 310 persons under 15 different programs, but demand calls for servicing disabled seven times more 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.
237. 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.
238. Number of social rehabilitation programs of former convicts increased in 2005. 178 former convicts took part in the State Probation Service (further SPS) financed rehabilitation program. In 2005, the SPS signed contracts with nine service suppliers who established 10 social rehabilitation centres (for 152 persons) in Riga and its surroundings, Liepaja, Valmiera, Jaungulbene. Key objective of centres is to support re-development of social skills among former convicts and promote creation of new rehabilitation centres.. All these centres helped former convicts without residence registration, professional skills and knowledge to solve social problems like housing, offered professional training and employment.
239. 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 2004⁵⁰.

⁵⁰ Data and information of Welfare Department, Riga City Council.

240. Available research results⁵¹ 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 Roma communities.
241. 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 commenced in 2006.
242. Measures to combat poverty and social exclusion are being appropriately planned and implemented within budgetary limits, but there is a lack of studies on the implementation process of the Latvian National Action Plan for Eradication of Poverty and Social Exclusion, the efficiency of implemented measures and possibilities of their improvement, to provide an objective assessment of the current situation, results achieved and improvement of further policy.
243. 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 Persons at Risk of Social Exclusion

244. 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.
245. A 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.

⁵¹ A. Pabriks, *Ethnic minorities, employment and discrimination in Latvia, Soros Foundation in Latvia grant program, 2004, Baltic Institute of Social Sciences, Institute of Economics of Latvian Academy of Sciences, Ethnic Aspects of Social Integration and Employment.*

246. 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 12: Convicts Suffering from Infectious Diseases

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

Source: Ministry of Health

247. 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.
248. 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.

1.5.Labour Quality. Health care

249. 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

250. The health condition of Latvian inhabitants in compare with other EU country inhabitants' health condition is unsatisfactory. The mortality rate of inhabitants in age group till 64 years was the highest among EU member states (average mortality rate in Latvia 501.5 episodes on 100 000 inhabitants; average mortality rate in EU member states – 228.2) in 2003 (it also was the highest in 2000, 2001 and 2002). The statistics of the World Health Organization gives proof that there is the shortest life expectancy at birth in Latvia among EU member states. In 2003 life expectancy at birth was 71.4 years (male – 65.9 years; female – 76.9 years). These gender differences characterize also sickness rate and mortality rate – those are higher for male than female, male die earlier than female. Although during last years there has been improvement of living standards, mentioned indicators are still increasing.
251. In 2004 the mortality rate of inhabitants remains almost the same as in 2003 – the mortality rate was 1385.4 per 100 000 inhabitants (in 2003 – 1394.9, 2002 – 1389.6). The natural increase per 1 000 inhabitants in 2005 was minus 4.89 (in 2004 – minus 5.05).
252. The negative natural increase is a cause for concern of the state development planers, different level specialists and Latvian inhabitants. The main problem is the low birth rate – the number of inhabitants is decreasing, population is getting older, the social burden increases every year in Latvia.
253. There is comparatively high number of inhabitants that die at working age, especially among males. Mortality in working age is characterized by the rate of potentially lost life years. In 2003 potentially lost life years rate (till 65 years old) in Latvia was 7749 years per 100 000 inhabitants (males – 11 305; females – 4386). This rate for males is three times higher than for females. The data again shows that males die earlier than females probably because of unhealthy lifestyle and attitude towards health.
254. The main cause of death in Latvia is diseases of the circulatory system. In 2004 death rate from the circulatory system diseases was 773.8 cases per 100 000 inhabitants. The males' mortality from circulatory system diseases in working age was the highest – 261.7 cases per 100 000 inhabitants, but females' death rate from the circulatory system diseases in working age was 73.4 cases per 100 000 inhabitants. In 2004 the death rate from the circulatory system diseases in Latvia was the highest among EU member states.

255. There is high importance of regular and timely prevention measures in order to keep and improve and maintain health (for example, to measure arterial blood pressure and cholesterol level in blood). In 2004 the arterial blood pressure was measured by 76 % females and 60 % males, but 20 % inhabitants measured cholesterol level (21 % - females and 18 % - males).
256. In 2004 mortality from neoplasms remained at the high level – 251.3 cases per 100 000 inhabitants and it is increased comparing with 2003 (249.6 cases per 100 000 inhabitants). The most prevalent neoplasm localization for males is lung cancer, followed prostate cancer and stomach cancer. Main females' death causes are breast cancer, stomach cancer and colon cancer.
257. The third main cause of death is external causes. This is the main reason of the loss of potential life years, because this reason is the death cause for inhabitants at working age (71.3%). Transport accidents, suicides, murders and drowning are the main external causes of death. Due to external cause of death male mortality (73%) is higher than female mortality (27 %). Most of all death due to external causes among males in 2004 were registered at age 45 – 49, but among females at age 60 – 64. In 2004 the highest mortality due to the external causes was suicides – 24.3 cases per 100 000 inhabitants and transport accidents – 23.3 cases per 100 000 inhabitants
258. In recent years incidence of tuberculosis has decreased, however it remains at a comparatively high level if compared to the average rates of European Union (in 2000 – 83 cases per 100 000 inhabitants, in 2003 – 72 cases per 100 000 inhabitants; EU average rate in 2003 was 12.9 cases per 100 000 inhabitants).⁵²
259. Acute intestinal diseases have a changing characteristic that mainly depends on group incidence cases and epidemiological situation in general. There is decrease for 26 % on registered cases in 2004 compared with 2003. Incidence of food related acute intestinal diseases has decreased for 59 %.
260. Food is an important factor that impacts human health. The most food safety inadequacy was to milk and milk products – 10.3 % (from 416 checked patterns), also nonstandard production – 7.6% (from 1829 checked patterns) and confectionery production – 7.6 % (from 669 checked patterns).Public catering and manufacturing enterprises epidemiologically are related to contaminated food usage, which is the reason for illness with acute intestinal diseases. During the last years incidence of shigellosis is decreasing. In 2004 there were registered 24.0 cases per 100 000 inhabitants, but in 2005 incidence was decreased till 7.9 cases per 100 000 inhabitants. The incidence of salmonellosis has increased from 20.8 in 2004 till 26.7 cases per 100 000 inhabitants in 2005. In 2005 incidence rate of rural intestinal infections has increased in comparison with 2004: from 83.4 till 102.4 cases per 100 000 inhabitants.
261. Reasons for low grade food spreading are: food enterprises facilities become obsolete, number of food enterprises is increasing and there is lack of professional and hygienic skills, and violation of food circulation regulations. After epidemiological investigation of acute intestinal infections, it can be concluded, that inhabitants have insufficient hygienic skills, they eat products of questionable quality or products with ended expiry date.
262. During last years the incidence of viral hepatitis has increased. In 2004 it has increased for 17 %. This tendency is mainly due to increased amount of newfound chronic viral hepatitis B and C cases. This tendency has negative impact on quality of labor force and

⁵² WHO, *European Health for All Database*, 2005.

it is important to decrease incidence rate. In comparison with other Baltic countries Latvia has the second highest incidence rate of viral hepatitis C.

263. To prevent spread of infection diseases (tuberculosis, HIV /AIDS and other through blood transferred infections) it is necessary to elaborate epidemiological monitoring program, which would be aimed on development of prevention measures, improved cooperation, coordinated implementation of epidemiological monitoring measures (development of laboratory infrastructure, of health care and of capacity of social care specialists) and providing of accessing to services.
264. It is very important to use modern health promotion methods, taking into account its connection with social, behavior and lifestyle factors.

Table 13: Main Disease Indicators

<i>Disease</i>	Unit of measure	2001	2002	2003	2004
Tuberculosis of all types	per 100 000 inhabitants	72.9	65.9	63.3	59
	absolute figures	1729	1540	1481	1373
Respiratory organs tuberculosis	per 100 000 inhabitants	69.4	63.2	62	57
	absolute figures	1647	1477	1451	1325
Salmonellosis	per 100 000 inhabitants	35.3	39.6	34.3	20.6
	absolute figures	836	927	799	480
Shigellosis	per 100 000 inhabitants	75.7	33.1	59.5	23.9
	absolute figures	1792	773	1388	55
Viral hepatitis	per 100 000 inhabitants	69.4	55	59.2	71.5
	absolute figures	1642	1287	1380	1662
Acute hepatitis A	per 100 000 inhabitants	5.1	1.5	1.1	3
	absolute figures	121	36	25	69
Acute hepatitis B	per 100 000 inhabitants	35.5	21	14.5	9.2
	absolute figures	839	492	337	214
Acute hepatitis C	per 100 000 inhabitants	8.7	6.4	5.2	4.9
	absolute figures	205	149	121	113
New-found chronic hepatitis C	per 100 000 inhabitants	15.1	21.6	32.9	48.8
	absolute figures	358	506	768	1134
Yersinosis	per 100 000 inhabitants	3.9	2.7	1.2	1.1
	absolute figures	91	63	28	25
Leptospirosis	per 100 000 inhabitants	1.7	0.9	0.4	0.6
	absolute figures	39	22	10	13
Tick-borne encephalitis	per 100 000 inhabitants	12.8	6.5	15.7	10.8
	absolute figures	303	153	365	251
Lyme disease	per 100 000 inhabitants	16	14	30.6	30.5
	absolute figures	379	328	714	710
HIV	per 100 000 inhabitants	34.1	23.1	17.3	14.8
	absolute figures	806	542	403	343
AIDS	per 100 000 inhabitants	1.8	2.4	2.5	3
	absolute figures	42	55	58	70
Syphilis	per 100 000 inhabitants	25.1	29	33.6	25.1
	absolute figures	594	679	784	584
Gonorrhoea	per 100 000 inhabitants	23.3	23.7	20.6	23.1

	absolute figures	551	555	481	537
Dermatomikoses	per 100 000 inhabitants	22.4	21.1	21.4	18.9
	absolute figures	530	492	500	440
Itch	per 100 000 inhabitants	46.5	35.7	31.7	34.1
	absolute figures	1100	835	738	794

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

265. 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 14: Causes of Death in Latvian Population 2004 (per 100 000 capita)

City, region	All causes	Including								
		Contagious and parasitic diseases	Tumours	Various symptoms and unidentifiable condition	Vascular diseases	Respiratory diseases	Digestive disorders	Urogenital diseases	Inborn abnormalities	Bruises, poisoning, external exposure impact
LATVIA	1385.4	12.6	251.3	74.6	773.8	34.6	44.9	13.9	3.8	137.5
RIGA	1340.0	15.0	269.0	31.5	752.0	36.5	50.4	14.3	2.9	132.5
DAUGAVPILS	1292.4	19.0	233.7	72.2	715.7	33.4	54.1	9.9	0.0	115.5
JELGAVA	1252.4	7.6	219.3	99.8	661.0	30.3	62.0	12.1	4.5	119.5
JŪRMALA	1456.9	9.0	288.1	88.2	824.8	30.6	30.6	21.6	5.4	113.5
LIEPĀJA	1346.5	11.6	261.7	13.9	780.4	35.9	46.3	24.3	1.2	129.7
RĒZEKNE	1526.6	8.1	240.5	37.8	937.6	24.3	51.3	5.4	0.0	175.6
VENTSPILS	1223.0	15.9	197.4	120.3	648.9	45.4	31.8	4.5	11.3	90.8
AIZKRAUKLE	1405.0	17.0	198.6	121.1	765.5	31.5	24.2	12.1	2.4	184.1
ALŪKSNE	1472.3	0.0	233.5	102.9	858.8	43.5	35.6	19.8	4.0	126.6
BALVI	1909.8	14.0	280.3	259.3	932.1	59.6	73.6	14.0	0.0	178.7
BAUSKA	1240.7	17.3	227.3	17.3	772.6	15.4	38.5	13.5	3.9	113.7
CĒSIS	1310.1	5.2	227.5	46.5	768.8	32.8	43.1	19.0	1.7	125.8
DAUGAVPILS	1714.1	22.0	264.5	122.4	1026.0	49.0	22.0	4.9	7.3	159.2
DOBELE	1353.1	7.7	236.2	218.2	639.3	53.9	56.5	15.4	5.1	74.5
GULBENE	1493.5	7.4	220.7	47.8	963.8	36.8	47.8	14.7	3.7	110.4
JELGAVA	1359.2	8.1	175.3	169.9	760.5	24.3	27.0	8.1	5.4	132.1
JĒKABPILS	1492.3	14.9	297.7	134.0	725.7	33.5	55.8	14.9	7.4	167.5
KRĀSLAVA	1909.1	8.6	329.7	212.1	974.6	48.7	57.3	22.9	2.9	220.7
KULDĪGA	1348.8	13.6	230.7	165.6	754.5	35.3	32.6	10.9	8.1	62.4
LIEPĀJA	1493.1	13.3	215.5	95.5	915.4	28.9	35.5	6.7	4.4	140.0
LIMBAŽI	1312.3	0.0	279.9	89.9	670.3	33.4	33.4	12.8	2.6	136.1
LUDZA	2215.4	9.1	242.8	60.7	1423.3	57.7	54.6	15.2	6.1	294.4
MADONA	1470.8	4.5	267.6	24.7	928.8	29.2	33.7	9.0	4.5	137.2
OGRE	1160.9	7.9	207.2	88.6	613.6	19.0	34.8	9.5	3.2	140.8
PREIĻI	1740.0	12.6	301.7	103.1	942.9	45.3	52.8	27.7	7.5	201.2
RĒZEKNE	1885.6	9.5	228.8	45.3	1168.0	54.8	59.6	11.9	4.8	286.1
RIGA	1116.3	21.1	227.5	54.7	564.4	30.3	38.2	7.9	5.9	133.8
SALDUS	1225.2	5.3	196.7	71.8	720.2	23.9	42.5	18.6	5.3	103.7
TALSI	1509.2	4.2	263.0	171.2	851.7	23.0	23.0	14.6	4.2	129.4
TUKUMS	1410.1	10.8	263.9	110.3	743.0	28.9	47.0	25.3	3.6	133.8
VALKA	1540.2	15.3	290.3	149.7	837.4	21.4	36.7	12.2	6.1	143.6
VALMIERA	1271.0	3.4	255.2	116.6	684.5	27.0	32.1	11.8	1.7	103.1
VENTSPILS	1241.8	0.0	197.6	141.1	606.8	49.4	28.2	28.2	14.1	127.0

*Estimates

Source: Health Statistics and Medical Technologies State Agency

266. Number of occupational diseases has been rapidly increasing over the past years. 796 patients received first-time occupational disease diagnosis. 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 harmful workplaces and bad working conditions. In 2004 most prevalent occupational diseases are diseases of the musculoskeletal system and connective tissue – 43.3 % from all diagnosed occupational diseases (in 2003 – 32.3 %). The second most common occupational diseases are diseases of nervous system (26.7 %), next – diseases of respiratory system (11.8 %), followed by poisoning and other external causes (9.5 %), infections (1.7 %). In accordance with information of State Labor Inspectorate number of registered occupational patients has increased per 41 % in comparison with 2003. That is one of the reasons why it is necessary to elaborate Environmental Health planning document (2008-2013) and to pay attention to reducing of impact of some physical factors (vibration, noise, electromagnetic radiation, ionization, microclimate etc.) to human health.

267. Employee disability causes also accidents at working place. In accordance with statistical data of State Labor Inspectorate the most dangerous working conditions are at the construction sectors. In 2005 were registered 23 severe accidents, 7 lethal. In 2004 there were 10 lethal accidents (2003 – 12; 2002 – 8), and it constituted 17.5 % from all lethal accidents in Latvia. The next most dangerous sector is transport and telecommunication sector. High accident rate indicate that there are not enough training of employee in working place. There is insufficient control over compliance of work safety instructions, insufficient training and instruction about safety and health measures.
268. 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).
269. 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.
270. Smoking is connected with high level of heart and circulatory system diseases, respiratory system diseases, cancer rate and with other chronic diseases. These are the most important problems of public health in Latvia. Latvia is one of such countries where smoking is wide spread. In 2004 State Health Promotion Agency performed FINBALT survey and achieved data display that daily 51.3 % males and 19.2 % females smoke, 6.0 % males and 4.9 % females smoke irregularly. 25.5 % males and 10 % females are exposed to passive smoking at working place at least one hour per day and 54 % males and 46 % females are exposed to passive smoking at home.
271. Heavy drinking of alcohol negatively impacts human physical, mental and social condition also leaves impact on family and society in general. At least 6 alcohol doses (1 dose: 40 ml of strong alcohol drink or 100 ml of wine or 1 bottle (500 ml) of beer) once per week drink 22 % males and 5 % females.
272. The Health Behavior in School-ages Children study indicates a poor posture and bad physical health, and unhealthy eating habits. The implementation of health promotion programmes has facilitated the education of society concerning factors affecting health and health as a value. Health promotion programmes include government policy-development and the improvement of co-operation with municipalities, improvement of legislation, public information campaigns (development and broadcast of TV and radio materials, informative materials, environmental advertising, etc.) and the training of

specialists. For the successful implementation of the programme, a health promotion infrastructure has been developed with regional co-ordinators at the local governments in Latvia.

273. Unhealthy eating and insufficient physical activities are risk factors increased body weight and obesity. Increased body weight and obesity are main health problems that negatively impact development of many diseases and increase mortality level. Over 27.4 % of inhabitants are overweight, 13.4 – obesity. Normal body weight was only for 52.7 % respondents in 2004 (in 2003 – 56.5 %). 36% of population is exercising half-hour 2-3 times per week in their spare time. Also school children physical activities are sufficient only for 37 % boys and 23 % girls.
274. FINBALT studies show that inhabitants of Latvia eat insufficient amount of fruits and vegetables. 22 % males and 27 % females eat at least 5 portions of fresh vegetables and fruits on a daily basis. Milk with 3.2 % or more fat is consumed by 39 % of inhabitants of Latvia.

Health Care System and Quality of Services

275. 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, and 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.
276. 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.
277. 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.
278. 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.

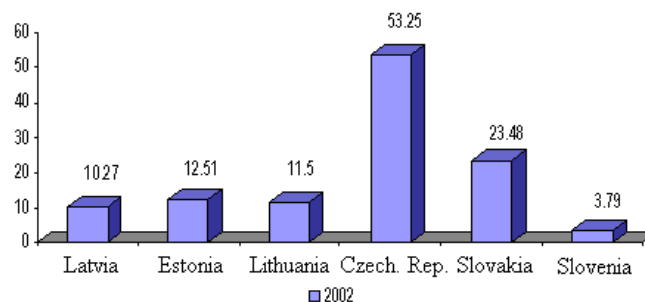


Figure 13: Number of General Practitioners per 100 000 Capita

Source: Eurostat

279. 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.
280. According to register of medical professionals out of 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 15: Number of Doctors by Age

Age	Total number of doctors for January 1, 2005	Total number of doctors for January 1, 2005 (%)
25-35	808	11.5 %
35-55	4 004	56.8 %
55-62	1 129	16.0 %
63 and more	1 114	15.8 %
Total	7 055	100%

Source: Ministry of Health

281. 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.

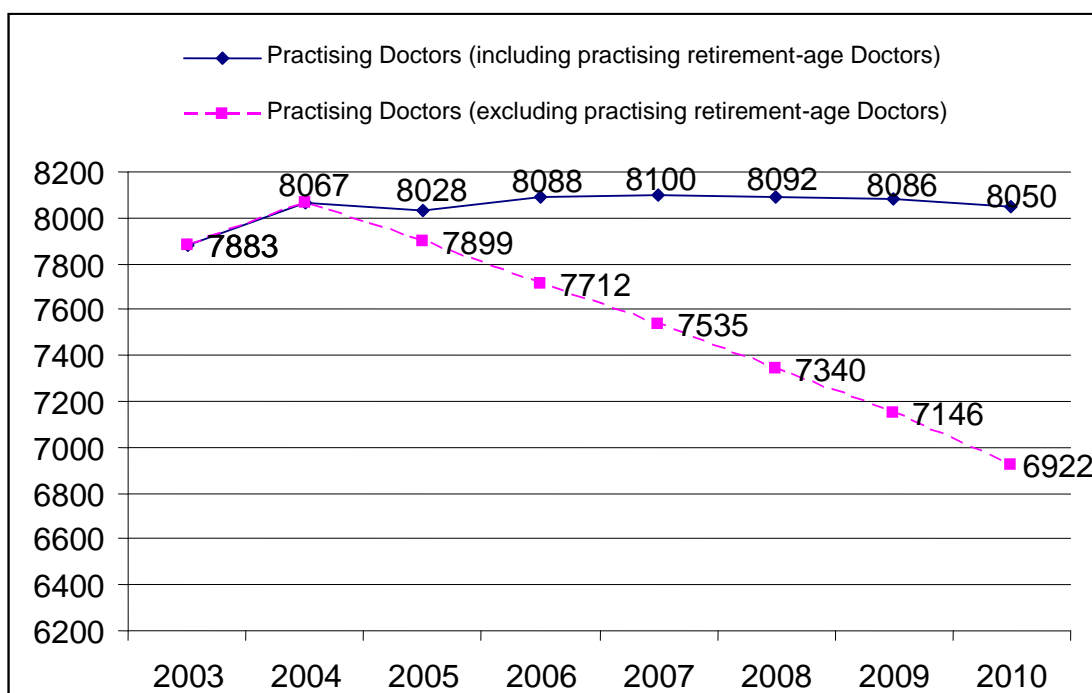


Figure 14: Flow of Working Doctors 100% employment

Source: Ministry of Health

282. 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).
283. 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 16: Current and Planned Number of Primary Health Care Practices in Latvia

Statistic region	2004			2010		
	Population ⁵³	PHC practices	Average population per practice	Population ⁵⁴	PHC practices	Average population per practice
Rīga	739 232	419	1764	736 993	425	1 734
Pierīga	358 885	213	1685	359 461	214	1 680
Zemgale	315 555	189	1670	317 643	191	1 663
Kurzeme	291 326	171	1704	286 057	171	1 673
Vidzeme	251 665	149	1689	247 853	149	1 663
Latgale	374 817	208	1802	367 102	219	1 676
Latvia	2 331 480	1349	1728	2 315 109	1369	1 691

Source: Ministry of Health

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).

⁵⁴ Centre of Demography, University of Latvia, 'Latvia's Demographic Development Forecast for 1998 – 2025', Riga, 1999.

284. 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.
285. 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.
286. 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, bad 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.
287. 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.
288. 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%.
289. 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 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.
290. 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).

291. 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 17: Development of Hospital Infrastructure to EU Standards

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

Source: Ministry of Health

292. 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.
293. 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.
294. 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

295. 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.
296. 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.
297. 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.

298. 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.

299. 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,
- Inadequate infrastructure of secondary and tertiary health-care prevents the provision of quality health-care services paid by the State.

1.6. Public Administration Capacity Building

Better regulation principle in public administration

300. Better regulation policy is an EU initiative for improvement of quality and efficiency in public administration⁵⁵, including upgrading public policy-making system, elimination of administrative barriers and simplification of legal acts.

Public policy-making, policy impact assessment

301. Direct public administration policy planning system started to develop in 2000. System sets forth main stages of policy-making, types and hierarchy 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.
302. All policy planning documents adopted since 1991 are compiled in a single data base. The Database of Policy Planning Documents is located on the website of the Cabinet of Ministers and at the beginning of 2006 it contained 304 effective policy planning documents. 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.
303. 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, in particular with regard to planning of priorities, activities and finances, as well as linkage of policy planning documents of national, regional and local government levels. As for long-term planning, responsibilities of various institutions are unclear and there is no coordination system for that either.
304. Despite the fact that implementation of policy planning system involved training of civil 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 civil servants become overloaded when these responsibilities are assigned to them⁵⁶.
305. The State Chancellery together with the Ministry of Economics and the Ministry of Finance is working on ensuring more extensive national-level use of the instruments stipulated under the EU Better regulation initiative. Special attention will be paid to the development of an institutional administration mechanism, as well as to methods for assessment of administrative burdens and constraints which will be integrated into the

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.

⁵⁶ Report on Regulatory Management Capacities in Latvia. SIGMA, 2005, Draft, page 26.

present system of impact assessment of draft legal acts. The Twinning Light project (LV/2005/OT-03TL) *Widening the use of different tools foreseen in the EU Better regulation initiative in policy making process in ministries* will be implemented in 2007 in cooperation with Finnish partners. Project's activities include preparation of a concept paper on administration of implementation of the Better regulation policy at the national level, as well as up-skilling of civil servants and development of methods manuals on assessment of administrative burdens.

306. On February 8, 2005 Cabinet of Ministers adopted first comprehensive policy document for promotion of civic society 'Guidelines for Strengthening Civic Society Policy for 2005 – 2014' and national program 'Civic Society Strengthening for 2005 – 2009'. Documents are based on current situation assessments; they have gone through public hearings with inhabitants, non-governmental organizations and experts.
307. 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.

Development planning at regional and local level

308. Amendments to the Regional Development Law (effective as of 1 August 2006) stipulate that planning regions are derived public persons. The amendments also stipulate their competence – to ensure planning and coordination of regional development by determining the main principles, aims and priorities for long-term development of the planning regions, ensuring coordination of the development of the planning region in conformity with the main principles, aims and priorities specified in regional development planning documents, and by managing and monitoring the development and implementation of planning region development programmes and spatial planning. In view of the new status and role of the planning regions, they will require assistance in preparing, implementing and monitoring of development planning documents. Article 14 of the Law "On Local Governments", Article 13 of the Regional Development Law and Article 5 of the Spatial Planning Law stipulate 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 will be established, local governments will need assistance in drafting of development programs and spatial plans.
309. Capacity of employees of planning regions and local governments is limited; there is a shortage of qualified planners. A clear evidence of that is the fact that at the end of 2006 medium-term development planning documents were prepared in 4 from 5 planning regions, and the spatial plans of all planning regions are being prepared. At the end of 2006 spatial plans of 251 from 492 local governments, incl., of 22 from 35 amalgamated municipalities were under the process of preparation.

Elimination of administrative barriers

310. 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 legislation⁵⁷.
311. 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 significant⁵⁸.
312. 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 residents and businesses, modernizing of public administration services, better Access and client-oriented approach. According to research⁵⁹ 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

⁵⁷ *Self-Assessment: Impact of Administrative Procedures on Business Environment in Latvia, LDA, FIAS, 2003, page 7.*

⁵⁸ *Survey about Administrative and Regulatory Costs, Executive Summary, LIDA, page 1.*

Problems SMEs and various population groups face when receiving and using public administration and e-services, SMSAEGA, 2006

other research that shows inhabitant desire to receive e-services (77.2% of inhabitants, in age group 15-24 even higher – 92.7%)⁶⁰.

313. Main problems:

- The link between national and long-term policy planning documents is weak, especially in terms of priority setting and budgeting.
- Weak linkage of development planning documents of regional and local government levels, as well as their linkage with the national development priorities defined at the national level.
- Low quality of elaborated spatial plans and development planning documents, as well as lack of an integrated view on development of territories.
- 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

314. 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.
315. 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.
316. According to the survey⁶¹ performed by the State Chancellery, 42.5% of 172 direct public administration institutions, which were covered by this survey, considered that they had implemented the quality management system. Qualitative analysis of the data leads to a conclusion that in most cases only an element of the system is integrated and that the institutions do not relate quality management with overall strategic management. However, more than a half of those institutions where the system is not yet introduced deemed it necessary and planed to integrate it in future (65.9%). In view of the fact that no comprehensive research has been performed on quality management

⁶⁰ *Assessment of E-Service Availability and Efficiency in Latvia, SMSAEGA, 2005*

⁶¹ Survey “Introduction of Quality Management and Assessment of Service Quality in Direct Public Administration Institutions”, State Chancellery, 4th quarter 2005

in local governments, according to the survey of direct public administration institutions it may be assumed that the number of those local governments which have implemented the quality management system or its elements is higher. 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.

317. 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).
318. 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

319. Businesses and inhabitants should have access to timely and quality services, therefore the accessibility and convenient location of service providers must be carefully considered.
320. 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.
321. 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*⁶², which outlines the main problems of public service quality: only ¼ of respondents consider that they have all the information they needed about their health care entitlements; only 21% of persons receiving health services are informed about the procedures for submitting complaints; only 19% of respondents admit that quality of health services is good or very good, 44% of them consider these services neither good not bad but 37% gave a rating of bad or very bad. However, 81% of those who have used public health services admit that health care is satisfactory and only 9% expressed dissatisfaction.

⁶² *Curbing system leakages: health sector and licensing in Latvia*. Ciet International A.Cockcroft, S.Paredes, M.Roches, N.Andersson. 2002.

322. The study included a survey of enterprises on government's support to business. 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.
323. 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.
324. 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 in local government

325. Latvia has a scattered municipal system – at the end of 2006 there are 527 local governments (7 largest cities and 53 district centres, 432 rural municipalities and 35 amalgamated municipalities) and 26 district governments. To avoid fragmentation of the system of local governments as one of the most significant obstacles for efficient, sustainable development of local governments, the administrative territorial reform is being implemented in Latvia. Administrative and territorial reform includes creation of service centres, which unfortunately is hampered lack of qualified specialists. A 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 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.
326. Majority of local 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 expenditure⁶³. 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.
327. The administrative and territorial 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 the Law "On Local Governments"), 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

⁶³ <http://www.vkase.gov.lv/index.php?sadala=224>

Environmental Board – 9 and State Labour Inspectorate – 7)⁶⁴, hence offering inconvenient Access to state public administration services at regional and local level.

328. 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,
- Local government services are badly managed, low quality and non-efficient.

Development of Human Resources in Public Administration

329. According to data of the Central Statistics Bureau at the end of 2005 out of 1 036 thousand working population (age group 15-74) 354.6 thousand worked in the public sector and 681.7 were employed by the private sector⁶⁵. 7.9% of these were working in public administration, defence and social insurance, 8.7% in education sector and 5.5% in health and social care. 28 491 civil servants were employed by governmental institutions, of these 46858 – in general civil service and 21 633 – in special service.

Development of personnel management

330. 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.

331. 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.

332. 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.

333. 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 in government

⁶⁴ *Regional administrative and territorial reform problems in Latvia, 2001.*

⁶⁵ *Public sector statistics cover state and municipal institutions, enterprises where state or municipality owns 50% or more shares and other public institutions.*

institutions (around 100 of institutions). Remuneration data is stored in data base 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 civil servants

334. Formal education level of civil servants is manifold and generally in line with job descriptions. Professional qualification of civil 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 collage 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.
335. Although crumbled information systems do not allow compiling civil servant education information, experience shows that cooperation between educational institutions and public administration needs strengthening to provide basic education and skills to civil 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.
336. Further education of civil servants is managed by the Latvian School of Public Administration School (LSPA) of the State Chancellery. Training is organised in Riga (82.6% of all courses)⁶⁶ and 10 regional training centres (17.4% of all courses). In 2006 training courses were delivered to total of 6998 servants. 5732 servants attended the LSPA courses in 2006. Considering that number of employees in public administration reaches 28 000, we can conclude that courses are available only to every fourth or fifth civil servant. According to the survey on study and training needs of civil servants and employees of public administration institutions performed in 2006, only about 70% of study and training needs are met.
337. Attendance for each course organised by the LSPA is from some tens up to 500 participants. 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. In order to assess studies and their impact and to improve their quality, the State Chancellery is developing methods for study and training assessment. They

⁶⁶ Hereinafter „Public Administration School Training Review 2004”.

will include surveys and feedback from participants and their employers concerning usefulness of knowledge and skills acquired and their impact on professional performance.

338. Majority of LSPA 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 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 LSPA courses, many ministries organise their own internal training courses that are funded either from various projects or budget.
339. 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 civil 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. Only one third of 165 public administration institutions which were covered by the survey had developed a mechanism for planning of study and training needs of their employees and civil servants⁶⁷. The 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

340. Human resource development in public sector is impossible without motivation. Motivation ensures loyalty of civil 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 join public administration. ST research, conducted in 2005, *Social, Psychological Profile and Motivation of Civil Servants*⁶⁸, reveals the main motivation aspects (in descending order): wage, management appraisal, client gratitude and respect of colleagues (last two have equal weight).
341. 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 and differences between salaries in various public administration institutions are the main reasons for high staff turnover in the public sector.
342. Although there is accountable data on staff turnover in public administration the survey⁶⁹ performed by the State Chancellery shows that in the period of 2002-2005 staff turnover in public administration institutions amounted to about 9-13%. Moreover, the ratio tends to increase. 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,

⁶⁷ Study of the State Chancellery „Development of Human Resources in Public Administration”, 2005

⁶⁸ *Social, Psychological Profile and Motivation of Civil Servants, Draft Final Report, 2005, page 46*

⁶⁹ Study of the State Chancellery „Human Resources Development in Public Administration”, 2005

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%.

343. 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: civil servants are enthusiasts, they may be proud about their work, their work involves immense responsibility and civil servants are generally well-educated people. The main differences in opinions, predominantly negatively viewed by public, are related to the fact that civil servants are thought to have extra income, many of them are in pre-retirement age, nothing is done without bribing and that servants only pretend to be working, without doing anything useful⁷⁰. Assessment gap is a clear sign of need for improved public relations to make image of civil servant more respectable.
344. 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 differences between salaries in various public administration institutions are the main reasons for high staff turnover.

⁷⁰ *Ibid*, p.31. 2005.

1.7. Balanced Territorial Development

345. The territory of Latvia is divided into five planning regions: Kurzeme Region, Latgale Region, Rīga Region, Vidzeme Region and Zemgale Region. At the end of 2006 there were, in total, 553 Local Governments in Latvia: 527 Local Governments (7 cities and 53 district towns, 432 rural municipalities, 35 amalgamated municipalities) and 26 district governments.
346. There are approximately 74 000 populated areas in the populated areas network of Latvia. According to laws and regulations, populated areas are divided into cities/towns and rural populated areas (homesteads, villages). At the beginning of 2006 there were 77 towns in Latvia incl., as separate administrative territories 7 cities and 53 district towns, of which 20 are district centres and 19 are towns with rural territories and 17 towns are centres of amalgamated municipalities. At the end of 2006 there were 450 rural Local Governments in Latvia (including 432 rural governments (*pagasti*) and 18 amalgamated municipalities that do not comprise urban territories).
347. 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.

Table 18: Ratio of Social and Economic Indicators of Planning Regions to Average National Indicators as % in 2004 (the National Average – 100%)

Ratio of social and economic indicators to the national average indicators (national average – 100%)	Kurzeme Planning Region	Latgale Planning Region	Rīga Planning Region	Vidzeme Planning Region	Zemgale Planning Region
GDP per capita in LVL	88.41	46.46	142.96	59.61	51.71
Non-financial investments per capita LVL	96.80	47.60	135.30	67.90	66.90
Level of demographic load	104.55	102.92	95.70	109.09	101.34
Number of economically active companies per 1000 inhabitants	67.60	102.00	147.40	62.00	52.80
Unemployment rate in %	116.13	196.77	61.29	108.06	108.06

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

348. 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.⁷¹
349. Gross Domestic Product:
350. One of the key complex indicators of economical development of regions is the gross domestic product (GDP). The GDP is the total value of all goods and services produced within country in a year. In 2000 the GDP per capita in Riga planning region was 2.9 times higher in Latgale Planning Region, in 2002 – 3.0 times, in 2003 – 2.7 times but in 2004 – 3.1 times.
351. Non-financial investments:
352. In 2004 the average amount of non-financial investments was 880.00 LVL per capita. In Rīga Planning Region this indicator (1190.00 LVL) exceeded the average national level but in the other four regions it was considerably below the average. The lowest amount of non-financial investments per capita was registered in Latgale Planning Region which was 2.3 times below the average and 3.1 times below Rīga Planning Region.
353. Though in the period of 1999-2004 the amounts of non-financial investments increased in all the planning regions, regional disparities had still remained. Insufficient financial capacities have impeded structurally and regionally efficient economic and social development of the country. Special attention should be paid to a regionally-oriented financial investment policy aimed at promoting opportunities for balanced development of every region and at exploiting the specific development potential of every region.
354. Economically active enterprises:
355. Business activity in Latvia is still insufficient. In Latvia in the period of 1999 - 2004 the number of economically active enterprises and commercial companies had increased by 13.8 thousand entities or by 36.7%. In Rīga Planning Region this increase amounted to 49.7% but in other regions – 11-16% (in Zemgale Region – 15.8%, Kurzeme Region – 14.7%, Vidzeme Region – 12.0% and in Latgale Region – 11.3%).
356. The proportion of economically active enterprises and business activity in the total number of companies in various planning region are very different. In 2004 in Riga Region the proportion was 70.2% of the total number of enterprises and commercial companies, in Kurzeme Region – 9.1%, in Latgale Region – 7.5%, in Vidzeme Region and Zemgale Region – 6.6%. In 2004, in comparison with 1999, the proportion of enterprises of Riga Region in the total number of companies in the country increased by 6.1%, but in each of all other four regions – decreased by 1-2%.
357. The unemployment level:
358. Analysis of changes in the unemployment level showed that at the beginning of 2005 the unemployment was reduced in all the regions when compared with the beginning of 2000. When compared with 2004, the unemployment level had increased only in Rīga Region by 0.1 percent point; in Latgale Region the level remained unchanged but in Vidzeme Region, Kurzeme Region and Zemgale Region it slightly decreased by 0.1-0.5 percent points.
359. During the period of six year the highest unemployment level among the planning regions remained in Latgale Region. Regional disparities during the above period had

⁷¹ 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.

even increased: at the beginning of 2000 the unemployment level in Latgale Region was 2.9 above the indicator in Riga Region, but at the beginning of 2005 - even 3.1 times higher.

360. Territorial development index:
361. Regional disparities are considerable, and they are constituted by various factors, including GDP per capita, unemployment levels, amounts of personal income tax and other indicators included in the development index parameters. Disparities in social and economic development of the planning regions have slightly increased during the period of six years. The relation between the development index of Rīga Planning Region and the lowest indicator, the development index of Latgale Planning Region, was 2.690 in 1999, and 2.833 in 2002, and 2.982 in 2004.
362. According to the economic development level, disparities among the planning regions have increased in all indicators in the period of 1999 - 2004. The most outstanding region is Riga Planning Region. Its development is mainly promoted by the capital city - Riga.
363. Riga city 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 Riga at the beginning of 2004. Due to the concentration of economic activities in Riga and its vicinity, the development of a monocentric settlement structure is facilitated.
364. 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. The cities 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.
365. When analysing of 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.

366. 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 Līvāni are already transforming into new development centres of the region. For example, in recent years the highest growth in territorial development index (0.567) among the development centres of national and regional significance (except for Riga) is observed in Līvāni, thus proving the growth potential of Līvāni, incl. becoming from a rural municipality an important economic and administrative centre where business activities are concentrated and a marketplace for the goods and services produced in the surrounding small towns and rural territories. The basis for the growth of Līvāni is the proximity of the transit corridor that allows developing transit-related services. 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.
367. The advantage of the Rīga Planning Region is its convenient geographic location both in comparison with other planning regions. 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. 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, and 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.
368. 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. Meanwhile in the border territories Gulbene has found its own way of development with one of the highest growth levels in number of enterprises per 1000 inhabitants (29%) and becoming an important centre of administrative services for the surrounding territories. The town has become a centre of innovation and services for

wood-processing and energy efficiency. The pearl of the region – Cēsis – using its beneficial location between two transport corridors, the culture heritage, is becoming a centre of the culture life of Vidzeme Region with attractive urban environment, developed potential of culture and historical heritage and nature as a source of income. The nearby transport corridor to Russia has granted Smiltene a possibility to position itself as a leader in road construction and maintenance sector in the region. During the recent years Smiltene has had one of the highest personal income tax revenues per capita (LVL 196.8). 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.

369. 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, Jēkabpils and Aizkraukle can be regarded as the strongest economic and social development centres of the region. Bauska and Dobeles also can be regarded as development centres of the region. 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.
370. 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.
371. 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 2005, the budget income of 7 cities (Rīga, Daugavpils, Liepāja, Jelgava, Rēzekne, Ventspils, Jūrmala) accounted for 54% of the total Local Government budget income⁷². In 2004, 7 cities (Rīga, Daugavpils, Liepāja, Jelgava, Rēzekne, Ventspils, Jūrmala) together accounted for 73%⁷³ of the GDP of Latvia.
372. 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

⁷² Source: SRDA.

⁷³ Statistical Yearbook of Latvia. CSB . Riga, 2006.

the development index⁷⁴ can be observed. The average development index with the highest negative value is found in groups of towns with the lowest number of inhabitants.

373. 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 (4% in 2004). 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.
374. 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.
375. 281. 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 territories⁷⁵. 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 worn-out infrastructure.
376. 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.
377. 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);

⁷⁴ 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.

⁷⁵ 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%.

- cost of receiving services.
378. 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.
379. 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 that would ensure mutual coordination of regional and sectoral policies. The instruments provided should be differentiated by territories and prioritised by themes.
380. 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). Using efficiently the potential of development centres of national and regional significance, providing them with additional financial and methodological support, will make them become strong regional and national driving force for development, thus facilitating formation of preconditions for balanced development of the country.
381. Main problems to be solved:
- increasing socio-economic disparities between the capital Rīga 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;
 - weak cooperation of state and municipal institutions, entrepreneurs and educational establishments.

1.8. International Competitiveness of Rīga

382. 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.
383. Latvian National Development Plan 2007-2013⁷⁶ 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.
384. 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.
385. Currently the position of Rīga in comparison to such metropolis of the Baltic Sea region as Stockholm, Copenhagen and Helsinki, is characterised by the following indicators:
- The geographic advantage of Rīga as well as Stockholm, Copenhagen and Helsinki is their location on the Baltic Sea. Although Copenhagen is closer to the political and geographical centre, and to the largest metropolis of Europe, while Helsinki metropolis area is the most significant development centre in Finland, 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, Helsinki with 559 718 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 EU.
 - The total area of Rīga accounts for 307 km², which is larger than Copenhagen (88 km²) and Stockholm (216 km²), but smaller than the total area of Helsinki (686 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

⁷⁶ *Latvian National Development Plan 2007-2013*

km², while in Helsinki it was 2984, 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 2004, the unemployment rate in Rīga accounted for 3.4%. Comparatively, at the same time it was 7.1% 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 25 000 000 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. An important international airport is located in Vantaa, the suburb of Helsinki, which provides direct flights to not only destinations in Finland and EU, but also to destinations in the Far East and North America.
- 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. The structure of Helsinki city is based on a well-planned, transparent network of roads and streets (8% of land area) that is supplemented within the metropolis area by two circular by-passes, providing respectively for good accessibility within the whole metropolis area.
- 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, Helsinki and Copenhagen, the urban environment in Rīga City is presently not as attractive as in Copenhagen, Helsinki or Stockholm. The above is due to many aspects, for example: environment pollution, security, quality of public services infrastructure, as well as other aspects. Besides, both in downtown Rīga and outside it several deteriorated territories have emerged, lacking preconditions for “natural” development and where entrepreneurs do not see the possibilities for transformation using only their own funds. Social problems also aggregate in the deteriorated territories with obsolete infrastructure – unemployment, social exclusion, drug abuse, juvenile crime, etc. Meanwhile in Helsinki there is a tendency to transform the former industrial areas to business and service areas (e.g. Ruoholahti). The new development areas of the city are mainly concentrated in coastline territories.
386. Taking into consideration the above, it can be concluded that the strong points and growth possibilities of Rīga 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.
387. 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.
388. 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.⁷⁷
389. When planning the development of the Rīga City, 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.
390. 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.
391. 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.

⁷⁷ *Data of the Ministry of Transport*

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.

392. 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.
393. 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.
394. 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.
395. 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).
396. 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.
397. 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.

2. STRATEGY OF THE OPERATIONAL PROGRAMME „HUMAN RESOURCES AND EMPLOYMENT”

2.1.SWOT Analysis of the Operational Programme

398. 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.
399. 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.

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
Human Resources and Employment				
- demographic trends	<ul style="list-style-type: none"> - A high proportion of population in the economically active age group 	<ul style="list-style-type: none"> - The level of emigrations remains high - The net natural rate of population growth demonstrates a negative trend 	<ul style="list-style-type: none"> - The increasing government-funded benefits to families with children will improve the demographic situation - The return to Latvia of the emigrant labour force is expected as a result of the economic growth 	<ul style="list-style-type: none"> - An increase in emigration rates due to the removal of administrative barriers
- qualifications and competitiveness of the labour force	<ul style="list-style-type: none"> - A highly-qualified labour force is available in specific sectors - Low labour costs 	<ul style="list-style-type: none"> - Low productivity of the labour force - Mismatch of skills and qualifications with the current labour market requirements - Entrepreneurs are not 	<ul style="list-style-type: none"> - The development of a national life-long learning strategy and its six regional counterparts will promote the quality and mobility of the labour force - Employers are encouraged to provide qualification 	<ul style="list-style-type: none"> - Influenced by globalisation trends , the low labour force costs become an advantage of short-term development - Inability of low-skilled employees to acquire new skills to be able to adapt to changeable labour market

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
		<p>motivated to make investments in training their current and potential staff</p>	<p>strengthening measures to their staff as a result of various national initiatives</p> <ul style="list-style-type: none"> - The competitiveness of unemployed persons and jobseekers is strengthened as a result of measures implemented by the State Employment Agency 	<p>needs</p>
<p>- employment and unemployment</p>	<ul style="list-style-type: none"> - High female employment rate - A stable and sustainable system of social security, social assistance and social services 	<ul style="list-style-type: none"> - A high proportion of the long-term unemployed - A high youth unemployment ratio (15-24 year olds) - A low self-employment rate, insufficient knowledge to start a business - Undeclared employment - Considerable social exclusion and risks related thereto - Discrimination by gender is observed - Limited possibilities to establish work-life balance - Distinctive gender segregation in studies 	<ul style="list-style-type: none"> - The development of social services as an alternative to those provided by state and municipal institutions - An integrated approach to gender equality and age equality in all national policies - The results and efficiency of active employment measures are improving thus contributing to the reduction of unemployment - Business activity is increasing as a result of national measures and initiatives - Implementation of flexicurity principles (flexible contracts, part time 	<ul style="list-style-type: none"> - Increasing social exclusion may result in growing numbers of children without primary education - Substantial increase in the proportion of persons receiving social services and social care

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
		<p>leading to subsequent gender segregation in occupations and the labour market</p> <ul style="list-style-type: none"> - Insufficient capacity and infrastructure of institutions involved in the elaboration and implementation of employment and social policy - Weak local partnerships for implementation of effective and integrated employment policy 	<p>employment, increase of role of social partners etc.)</p> <p>-</p>	
- education and training	<ul style="list-style-type: none"> - A developed network of higher and vocational education establishments in the whole territory of Latvia - A high general educational level of the population - A large density of higher school students (one of the highest indicators in Europe and the world) - A qualitative, available and competitive education preferred to be one of the most important priorities of 	<ul style="list-style-type: none"> - No systematic analysis of the medium term economic demand for vocational and higher education, national qualification system and educational programmes are not correspondent to the labour market requirements - Limited capacity of the educational system due to ageing infrastructure in all levels of education - Insufficient qualification and number of the compulsory secondary 	<ul style="list-style-type: none"> - Application of international (especially EU) experience and practices to improve the educational system and participation in comparative quality research - Increasing the quality of education in Latvia and improving its conformity to the labour market requirements by strengthening cooperation between educational institutions and employers and making investments in the development of the 	<ul style="list-style-type: none"> - Negative natural population growth rapidly decreasing number of students in all levels of education - Teaching staff ageing and possible deficiency of teachers - Prepared young specialists' emigration to another countries - Increase of education service expenses

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
	<p>the state and government</p> <ul style="list-style-type: none"> - Elaborated national project documents of the politics to develop education and lifelong education in the period of 2007 – 2013 - Experience in the implementation of the bilingual education and the national minorities' - A contemporary normative bases of educational system 	<p>school teachers,</p> <ul style="list-style-type: none"> - Insufficient qualification strengthening and upskilling activity of the academic teaching staff , as well as ageing of the academic teaching staff - Insufficient number of students and graduates in the masters and doctors programmes - Insufficiently developed career counselling schemes for young people - Inefficient cooperation among vocational education establishments and employers - A low prestige of vocational education and insufficient quality of it, unsatisfactory number of the vocational students - A low density of students in the fields of natural sciences, technologies, engineering and health care - A low proportion of students of natural sciences, 	<p>educational system of the country</p> <ul style="list-style-type: none"> - The improved content of education in natural sciences and the implemented centralized exam system - Demand for qualified branch specialists promoting development and improvement of education supply. - A great investment of students and credit resource means in graduation process verifying education supply and prestige in the state - Possibilities of out of school education and education of interests - Lifelong education guidelines and implementation of action projects, developed continuing education supply - Available education infrastructure for lifelong education needs 	

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
		<p>technology and health care in vocational and vocational higher education</p> <ul style="list-style-type: none"> - Limited opportunities of life-long learning (continuing education), as well as limited educational opportunities for groups at risk of social exclusion, e.g., prisoners - Insufficient infrastructure and qualifications of the teaching staff to integrate students with special needs - Long-term incapacity of the education system to adapt to labour market needs. 		
- health care	<ul style="list-style-type: none"> - Successful implementation of the health care system reform - The high medical scientific potential - There is established the state policy in development of health care services providers, ensuring further development of integrated health care system 	<ul style="list-style-type: none"> - Poor health of the general population - Rapidly growing occupational diseases, a high proportion of accidents at work - Unequal accessibility of primary, secondary and emergency medical assistance care - Insufficient emphasis on 	<ul style="list-style-type: none"> - By improvement of understanding of general population about healthy lifestyle, there will be higher quality of the labor force and more persons will stay longer in labor market. - Researching and evaluating situation in public health sector, will increase effectiveness of investment in health care infrastructure, 	<ul style="list-style-type: none"> - Insufficient financing of the implementation of activities of policy planning documents in health at work sector - Lack of continuity and succession of implemented health at work measures. - Change of political “players”, would change state priorities: diminishing

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
	<ul style="list-style-type: none"> - There is established health care human resources state policy and health care human resources long term development plan - There is established state policy in tuberculosis and HIV infection localization, in tobacco goods demand reduction and limitation of its supply, in public education about wholesome food and in alcohol usage reducing and limitation of alcoholism. 	<ul style="list-style-type: none"> health promotion and preventive measures in the health care system - Lack of human recourses, appropriate qualification, number and placing in health care sector - Insufficient accessibility to health care services enjoyed by groups at risk of social exclusion 	<ul style="list-style-type: none"> in human recourses and in health promotion measures. - Development of health care and health promotion personnel will ensure the better quality of health care services and will promote cooperation between health care institutions and employers. - Improvement of primary, secondary and tertiary health care and emergency medical assistance, will ensure better quality and accessibility of health care services 	<ul style="list-style-type: none"> health importance - Disagreement between institutions, which are involved in implementation of public health goals
- science	<ul style="list-style-type: none"> - Traditions of scientific activity - Successful operation of science institutions in the EU FIP and other international cooperation programmes - Internationally acknowledged inventions and patents in medical chemistry, gene engineering - UoL ISSPLU CFI gaining the EU Excellence centre 	<ul style="list-style-type: none"> - Obsolete scientific infrastructure - Insufficient cooperation among private sector, production and research institutions and higher educational establishments - Small number of patents and internationally acknowledged publications (SCI) - Insufficient number of employees in science and 	<ul style="list-style-type: none"> - The development of culture of science management - Scientific infrastructure meets the R&D needs of the private sector - Increasing number of doctors - Investment in science infrastructure - Increasing state budget investment in science and research - Science institution status 	<ul style="list-style-type: none"> - The exodus of educated professionals and scientists to abroad - Decreasing number of higher education students

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
	<p>status</p> <ul style="list-style-type: none"> - Successfully initiated cooperation between science/ research and entrepreneurs in the sectors of woodworking and timber industry, pharmacy, IT and material sciences 	<p>research, contrary age structure and disproportional division of higher education and research sector</p> <ul style="list-style-type: none"> - Insufficient number of practical research and weak transmission of technologies - Limited possibilities of knowledge commercialization and skills 	<p>enlarge its capacity</p> <ul style="list-style-type: none"> - Further participation in Framework and other international cooperation projects - Development of science and industry cooperation branch – clusters in the fields of woodworking, chemistry, pharmacy, IT, material sciences 	
Public administration	<ul style="list-style-type: none"> - Up-to-date reforms have been implemented in numerous areas of public administration - An effectively operating policy planning system has been established in public administration - Improved and developed dialogue between the national and municipal level - Established cooperation structures to interact with social partners; Intense activities of NGOs in regions 	<ul style="list-style-type: none"> - Insufficient professional qualifications of employees in the public administration system - A common system of human resource development and management has not been introduced in public administration - Insufficiently coordinated continuing education schemes for staff of public administration bodies - No quality management system introduced 	<ul style="list-style-type: none"> - A transfer to a medium-term planning scheme for the state budget. - Development of better regulation tools - Establishing the EU initiatives and priorities in the area of public administration - Participation in the public administration networks of the EU countries - The exchange of experience with other countries and organisations in issues related to public 	<ul style="list-style-type: none"> - The migration of public sector employees to other sectors or countries - The slow progress of the administrative and territorial reform

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
	<ul style="list-style-type: none"> - Several e-government elements are well-developed in public administration - The status of the planning regions in public administration system is strengthened. 	<ul style="list-style-type: none"> - Shortcomings in the alignment of policy-making with long-term planning documents - Insufficient public participation in the processes of public administration - No comprehensive information available about the level of public satisfaction with public services - Regional and municipal administrations lack knowledge, skills and know-how in planning development - Social partnerships are underdeveloped 	<ul style="list-style-type: none"> administration. - Support of the EU and other cooperation partners aimed at improving the performance of public administration - Increasing importance of the planning regions in planning of state development and introduction of support activities 	
Sustainable development	<ul style="list-style-type: none"> - High-quality, environmentally clean, sparsely-populated environment - Sufficient forest, land and water resources - Preserved biodiversity 	<ul style="list-style-type: none"> - Weak integration of the environmental policy in sectoral policies - A considerable proportion of environmental infrastructure is incompliant with the EU requirements 	<ul style="list-style-type: none"> - Prospecting new oil and gas deposits 	<ul style="list-style-type: none"> - Lack of a strategy and assessment of technogenic risks - Transboundary pollution

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
Macroeconomic stability	<ul style="list-style-type: none"> - High GDP growth - Low budget deficit - Low public debt 	<ul style="list-style-type: none"> - Rapidly increasing inflation 	<ul style="list-style-type: none"> - A favourable environment for investment and rapidly accelerating private investment 	<ul style="list-style-type: none"> - Risks of overheating the economy
Balanced territorial development	<ul style="list-style-type: none"> - Even distribution of urban areas - Even distribution of transport infrastructure - The favourable geographical location of the capital city of Riga - Republican cities are located close to primary transport corridors 	<ul style="list-style-type: none"> - Significant disparities in socioeconomic development trends observed comparing the capital city of Riga and the rest of Latvia, as well as among planning regions - Disparities in the availability of services - The migration of human resources from rural areas to cities, other countries - Low internal mobility of the labour force 	<ul style="list-style-type: none"> - Strengthening and balanced development of urban network - Territory development according integrated approach (i.e., urban-rural cooperation, cross-sectoral coordination) - Rīga – the metropolis of the Baltic Sea region - Cooperation between Euroregions, transboundary cooperation 	<ul style="list-style-type: none"> - Continued decrease in population in particular areas of the country - Increase / non-reducing in social-economic development gap between Riga and the rest of Latvia's territory - High competition with capital city Riga
Equal opportunities	<ul style="list-style-type: none"> - A high female employment rate compared to the EU average - Improved legislation to ensure equal rights and opportunities - 	<ul style="list-style-type: none"> - 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) 	<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
		-	<p>organisations addressing issues related to disabled people and groups of population at risk of social exclusion</p> <p>- A coordinated, concerted and strategic approach to encourage social inclusion</p>	<p>and individuals of other groups at risk of social exclusion</p> <p>-</p>
Information society	<ul style="list-style-type: none"> - A stable growth rate in the IT sector - A high growth rate of Internet users - The development of information systems of the main national registers has been completed - Active development of e-commerce 	<ul style="list-style-type: none"> - Unevenly developed ICT infrastructure, limited availability of Internet access, especially to broadband networks - The limited range of e-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 	<ul style="list-style-type: none"> - The availability and quality of ICT services are expected to improve as a result of increasing competition 	<ul style="list-style-type: none"> - The monopolisation of the electronic communications sector - Widening of the “digital gap”
International competitiveness of Rīga	<ul style="list-style-type: none"> - Together with its satellites, Riga is the largest city by population in the Baltic-Scandinavian region - Rīga is an important crossing point of 	<ul style="list-style-type: none"> - Low GDP per capita - High inflation - Unattractive infrastructure - Absence of local energy sources 	<ul style="list-style-type: none"> - Rīga as the central metropolis of the Baltic states - Rīga as a city of well-maintained and organised urban environment and 	<ul style="list-style-type: none"> - The development of international transport corridors bypassing Riga - Emigration of the skilled labour force - The decreasing role of

<i>Area</i>	<i>Strengths</i>	<i>Weaknesses</i>	<i>Opportunities</i>	<i>Threats</i>
	<p>transportation routes and communications channels</p> <ul style="list-style-type: none"> - Growing economy and tourism - A low unemployment rate - Spatial development opportunities - A large share of foreign investments is concentrated in Riga - Scientific and research potential is concentrated in Riga - Rīga is a port city - Multicultural environment - Recreation potential 		<p>public infrastructure</p> <ul style="list-style-type: none"> - 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 - A centre attractive to foreign investment 	<p>geographic advantages to due to technological developments</p> <ul style="list-style-type: none"> - Overheating economy - Deteriorating conditions in the field of foreign policy

2.2.Strategy Description

400. 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), Latvian National Development Plan 2007-2013 (NDP), Lisbon National Reform Programme of Latvia (LNRPL), National Action plan for Social Inclusion and Social Protection (NAP) and the Single Strategy for the National Economy (SSNE). The priorities are aligned with the Council Recommendations to Latvia on the implementation of the employment policies to ensure the ESF contribution to the European Employment strategy.
401. The OP strategy covers only those priorities that will be implemented through attracting the ESF co-financing. 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, NAP, SSNE and other policy planning documents.
402. 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

403. *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.

404. *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.
405. 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.
406. *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

407. 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% (baseline of 2006 – 11.9%);
 - To increase the employment rate to 70%, including female employment rate up to 66% and the employment rate of older people – up to 55% (baseline of 2006 – 66.3%, the employment rate for women – 62.3%, the employment rate for older people - 53.3%);
 - To reduce the unemployment rate below 6% (baseline of 2006 – 6.8%);
 - To reduce the long-term unemployment rate to 2,0 % of the total of economically active population (baseline of 2006 – 2.5%);
 - To reach 1.5% of GDP for domestic spending on research and development (baseline of 2005 – 0.57%);
 - To achieve a basic secondary education level for 85% of 20-24 year olds (baseline of 2004 – 76.9%);
 - To achieve at least 53% of the EU average productivity rate (GDP in PPS per employed person) (baseline of 2005 – 47.9%).

408. To fulfil Lisbon strategic objectives it will be earmarked approximately 83,4 % (461 164 438 EUR) from EU contribution within the OP “Human Resources and Employment”.
409. 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 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.
410. 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.
411. 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.
412. 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

413. 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.
414. 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. The strategic goals are aligned with the Employment Recommendations to Latvia adopted by the Council in March, 2007, namely: to intensify efforts to increase labour supply and productivity by improving regional mobility, enhancing the

responsiveness of education and training systems to labour market needs, putting in place a lifelong learning system, to focus on promoting entrepreneurship education, pursuing active labour market policies and improving access to childcare.

415. 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, and 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.
416. 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.
417. The goal to maintain the employment growth rate and ensure a labour force participation indicator of 70% by 2013 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 economically inactive persons,

unemployed persons, especially young unemployed persons, groups at risk of social exclusion, jobseekers, persons with low knowledge of Latvian and other groups 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 order to respond to anticipated effects of demographic trends on labour market after 2010, flexible services have to be developed that are based on the results of long-term forecasting. 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.

418. 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.
419. Capacity building of public administration institutions of national, regional or local levels with regard to development planning, as well as to enforcement of development planning documents, their monitoring, mutual linkage or linkage with national-level planning documents is a key pre-condition for country's development. Therefore, it is essential to involve the SF in the relevant administrative capacity building measures by investing in human resources of public administration. In the period of 2007-2013 special attention should be paid to strengthening capacities of those institutions which are assigned to design and implement policies on which country's overall development, spatial development and progress towards a knowledge-based economy depends. At regional level it is necessary to strengthen capacities of the planning regions in order to increase their role in public administration. At local level special attention should also be paid to those institutions which will be formed or which will develop in the result of the administrative and territorial reform
420. To implement the polycentric development strategy envisaged in the Latvian National Development Plan 2007-2013, it is important to provide for investments in cities as the regional driving forces for promotion of growth and competitiveness, following an integrated approach to territorial development (observing the principles of territorial and inter-sectoral integrity). Thus cities and towns are to be provided with additional impetus to promote their growth, allowing them to implement innovative development solutions that would efficiently complement the support for employment, as well as for improvement of quality of educational, social and health care services and building administrative capacity planned within this thematic axis.

Interrelation of OP with Horizontal Priorities in NSRF

421. *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.

422. 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.
423. *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.
424. *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.
425. *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

426. 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:
427. *Higher Education and Science*. Primary objective of the priority is to improve quality and access to higher education, promote motivation of research and attract human resources to higher education, science and research, thus ensuring the preparation of highly qualified specialists in the areas of special importance for the national economy and promote development of science and research potential.
428. *Education and Skills*. Primary objective of the priority is to improve quality and access to general and vocational 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 capacity of institutions responsible for education and life-long education as well as cooperation in formation and implementation of educational policy.

429. *Promotion of employment and health at work.* 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.
430. *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.
431. *Administrative capacity building.* The priority is aimed at strengthening the capacity of administration bodies on national, regional and local level, increasing their efficiency and contribution to the national economy and social development, as well as encouraging cooperation between administration bodies on national, regional and local level, social partners and NGOs in developing and implementing better policies aimed at the needs of society.
432. *Technical assistance.* The priority will fund programme management functions.
433. 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.

Links between the OP and ESF principles

434. *Partnership-* Consultations with regional and social partners as well as NGO's were organized during the development of operational programmes. Partners will be involved in the monitoring of implementation of the operational programmes. Specific activities are targeted at strengthening the administrative capacity of partners, as well as an activity under the measure 3.1. "Employment" is defined that will be implemented by the social partners in the field of adaptability of employees and enterprises - Activity 3. Practical application of the legislation on labour relations, occupational safety and health, and improvement of supervision (8,4 million EUR ESF ringfenced for social partners). Under priority 5 "Administrative Capacity Building" are two sets of activities targeted to capacity building of social partners. A main areas of the ESF investments are: the reinforcement of human resource capacity of social partners in participation in policy design and policy implementation at the national and EU level (Activity 1.5.1.1., Activity 1.5.2.2.) and the development of social dialogue at the regional level (Activity 1.5.2.2.) (2,7 million EUR ESF ringfased for social partners within priority 5). Under priority 1.2 "Education and Skills" Measure 1.2.1 "Development of Vocational Education and General Skills" Activity 1.2.1.1 there is foreseen support to capacity strengthening of social partners. Social partners in this activity (organizations of employers, organizations of employees, professional organizations) are anticipated as final beneficiaries and will be responsible for the capacity building and cooperation improvement⁷⁸. Under Measure 1.2.2 "Development of Lifelong Learning and Cooperation and Capacity Strengthening of Institutions Responsible for Education and Lifelong Learning Policy" Activity 1.2.2.1 social partners (employers, professional

⁷⁸ Capacity building is only one component in the complex national qualification system improvement activity, very close linked to the other components and therefore no concrete amount can be earmarked for it.

organizations) are planned as final beneficiaries responsible for the development of professional qualification improvement and examination centres, informally gained professional skills evaluation and acknowledgment system. Social partners are anticipated also as project partners. For example, under priority 1 “Higher Education and Science” Measure 1.1.2 “Development of Tertiary (Higher) Education” Activity 1.1.2.2 improvement of higher educational study programmes will be performed in close cooperation with employers and professional organizations. Within these activities social partners will profit in capacity strengthening through the implementation of the projects. (5,2 million EUR ESF ringfased for social partners within priority 1 and 2)

435. *Gender equality and equal opportunities*- Horizontal priority „Equal opportunities” is defined to implement the principle. Responsible institution – the Ministry of Welfare (MoW)- has been nominated to *co-ordinate* the implementation of the horizontal priority. The MoW, as body responsible for promoting gender equality and equal opportunities, was involved in the consultation process, elaboration of the situation analysis and respective description of OPs’ priorities and measures. As a result of consultation procedure, data used in the programming documents were broken by genders where recommended, descriptions of the respective priorities and measures were further developed reflecting their compliance with the horizontal priority "Equal opportunities". Specific activity within the measure 3.1.”Employment” is defined to implement the principles of gender equality. (Activity 6. Promotion of gender equality in the labour market). Project assessment criteria will be used to ensure implementation of the principles of gender equality and equal opportunities in the ESF projects. Methodology and consultations will be provided for experts involved in the project selection to ensure that compliance of the project proposal with the horizontal priority “Equal opportunities” is properly assessed. A representative of the MoW as a body responsible for co-ordination of the horizontal priority “Equal opportunities” has been nominated to the Monitoring Committee of the OPs.
436. *Innovation*- ESF support will continue the initiatives undertaken within the EQUAL programme, such as analysis of interrelated problems and issues within the scope of ESF actions, identification of fields where social innovation could make an impact, development and testing of new approaches in these fields, monitoring of relevant developments in these fields, validation of good practice, communication of lessons learnt to stakeholders, transfer of good practice and lessons learnt to users. Specific activity is planned to promote innovative measures and their integration into employment policies by solving issues of flexicurity and migration management in the context of employment. (measure 3.1 “Employment” Activity 8. Support for seeking the best innovative solutions and for integrating the best practices in the labour market policies and implementation instruments). These two issues have been identified as areas where is a need to change legislation and policy delivery. Both issues are intersectoral which leads to involvement of actors from different policy areas in developing and testing new approaches. When the new approach shows clear advantages over current policies it can be integrated into mainstream policy and practice. Mainstreaming experience gained in the EQUAL programme will be used to identify, validate, communicate and transfer innovative results. As detailed elaboration of the activity implementation procedures is envisaged in 2008, results of the EQUAL evaluation results will be used where applicable to set up effective mechanisms for innovation management.
437. *Transnational cooperation*- Recognizing the benefits of learning from one another, transnational dimension is integrated in the priorities and activities of the operational

programme. On the basis of the experience of the EQUAL Initiative, promoting transnational co-operation will contribute to the OP's strategic objectives by:

- encouraging sharing of research and technical and practical techniques and experience thus stimulating and supporting innovation,
- being a cost-effective means of validating and passing on learning and experience, avoiding unnecessary duplication of experimental work, and providing a broad basis for benchmarking,
- building the capacity of participating organisations,
- helping to promote common standards and enabling products and ideas to be validated more widely and at higher levels.

438. The following target areas have been identified during the programming phase:

- good practices and innovations in the field of labour protection and safety at work (measure 3.1 "Employment" Activity 3. Practical application of the legislation on labour relations, occupational safety and health, and improvement of supervision),
- innovative measures and their integration into employment policies by solving issues of flexicurity and migration management in the context of employment (measure 3.1 "Employment" Activity 8. Support for seeking the best innovative solutions and for integrating the best practices in the labour market policies and implementation instruments),
- capacity building of labour market institutions (measure 3.1 "Employment" Activity 4. Capacity reinforcement of labour market institutions),
- development of social services (measure 4.1 "Social Inclusion" Activity 2. Improvement of the working capacity evaluation system and the system of introducing social services),
- partnerships between ESF Managing Authorities and Implementing Bodies (measure 6.1 "Assistance for the Management of the Operational Programme „Human Resources and Employment“").

439. Costs related to transnational co-operation will be eligible expenditure, especially with regard to exchange of experiences, information, results and good practices, as well as development of complementary approaches and coordinated or joint action. Funds for transnational activities are not ringfenced; costs related to transnational co-operation within the above-mentioned target areas are estimated at 1,5 MEUR, funding for transnational activities is approved within the ESF project if respective expenditures are properly justified. A statement from the project promoter will be requested in order to ensure that ESF does not support specific operations being currently supported through other Community transnational programmes. There is no specific structure planned to monitor and manage transnational cooperation except appointing a national coordinator.

3. PRIORITIES AND MEASURES

Priority 1 “Higher Education and Science”

440. Primary objective of the priority is to improve a quality and access to higher education, promote motivation of research and attract human resources to higher education, science and research, thus ensuring preparation of highly qualified specialists in the areas of special importance for the national economy and promoting development of science and research potential.

440.¹ The priority division into activities, including their description (the name of activity, the objective of activity, the target group of activity and final beneficiaries), is indicative. Latvia has a right to update the content of activities, adjusting it in the national level planning documents.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Justification

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

Strengths	Weaknesses
<ul style="list-style-type: none"> - Developed network of higher educational institutions in the whole territory of Latvia - A high general education level of the population indicating a trend to be interested in education - Large number of students in higher education (one of the highest ratios in the EU and world) - A qualitative, available and competitive education preferred to be one of the most important priorities of the State and government - A contemporary normative bases of educational system - Elaborated national project documents of the politics to develop education and lifelong education in the period of 2007-2013 - Internationally acknowledged inventions and patents in medical chemistry and genetic engineering 	<ul style="list-style-type: none"> - Skills and qualification of labour do not match market needs - Lack of systematic analysis of mid-term economic demand to higher education, national qualification system and educational curricula do not meet market requirements - Low proportion of students in natural sciences, technologies, engineering and health care - Insufficient qualification strengthening and upskilling activity of the academic personnel, as well as aging of the academic personnel - Insufficient number of students in masters and doctorate programmes and doctorate degree awarded - Labour shortages in science, research and development areas, negative labour age trends and disproportion between higher education and research sector - Insufficient motivation for research

<ul style="list-style-type: none"> - Successful participation of scientific institutes in EU FP and other international cooperation projects - UoL ISSP have been granted EU Centre of Excellence status - Scientific research traditions - Successful commencement of cooperation between scientific and research bodies with wood-processing, pharmacy, IT and material science - 	<p>and scanty comprehension of society about the role of research</p> <ul style="list-style-type: none"> - Insufficient cooperation among private sector, production and research institutions and higher educational establishments -
<p>○ Opportunities</p>	<p>○ Threats</p>
<ul style="list-style-type: none"> - Improved higher and vocational education quality and accessibility shall promote economic development, especially in technology and knowledge-based sectors - Demand for qualified branch specialists, thus promoting development and improvement of education supply - Comparatively high student and credit resource means investment in obtaining higher education degree thus confirming demand for education and its prestige in the State - Increasing number of doctors during last years - Preliminary investments in research infrastructure - Increase of State budget investment in science and research - Further participation in the Framework Programme and other international cooperation projects - Breakthroughs in research sciences like medical chemistry, genetic engineering, MHD metallurgy - Successful furthering of cooperation between scientific and research bodies in most prospective sectors: wood-processing, pharmaceutical industry, IT and material science 	<ul style="list-style-type: none"> - Negative demographic trends and rapid downsizing of graduates in all levels of education - Increasing education costs - Aging and possible deficiency of academic personnel - Brain drain

442. 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

443. The core objective of the priority is to ensure the preparation of highly qualified specialists in the areas of special importance for the national economy and strengthen human potential in development of science and research by attraction of human resources to higher education, science and research, increasing number of students in master and doctorate programmes, promoting motivation for the research and improvement of higher education quality and its correspondence to the labour market needs.

Measures

444. Priority consists of two measures. Scientific and research potential development measure aims at strengthening of research and innovation policy development and administrative capacity as well as progress of intellectual potential. Activities of the measure provide attraction of human resources to science and research, creation of new scientific workplaces and new research groups for science and research projects implementation, supporting international cooperation initiatives of research institutes and contribution to awareness of society about the role of research and science. 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 provides support to qualification and competence improvement of academic personnel and development of master and doctorate study programmes for sectors playing vital role in national development.

Synergy and demarcation

445. Priority is related to the ERDF co-financed activities for science and innovation development in the operational programme Entrepreneurship and Innovation, as well as to the ERDF co-financed activities for development of higher, vocational and general education infrastructure in the operational programme Infrastructure and Services, thus offering aimful, comprehensive and complimentary assistance.
446. Priority's measure "Development of Scientific and Research Potential" is relevant to support available within in a frames of the measure "Vocational training and information actions" of the "Rural Development Programme for Latvia 2007-2013" and to priority Axis 3 „Measures of common interest” of the „Operational Programme for the Implementation of the European Fisheries Fund Support in Latvia for 2007 – 2013”. There will be no overlapping of activities within frames of measures of previously mentioned planning documents, as there are clearly defined target groups and training areas and areas of information actions which are ment to be supported.

Indicators

447. Outputs:

- Number of supplementary attracted⁷⁹ and supported full-time research staff (i.e. workplace guarantee): – baseline in 2004 – 0; target in 2009 – 300; target in 2013 – 1000 (data source – MoES) (measure 1.1);
- Number of students who received ESF support for master's and doctor's study programmes: baseline in 2004 – 0; target in 2009 – 1000; target in 2013 – 4100 (data source – MoES) (measure 1.2):
number of masters who received ESF support: target in 2009 – 600; target in 2013 – 2500;
number of doctors who received ESF support: target in 2009 – 400; target in 2013 – 1600.
- Number of improved study programmes – baseline in 2004 – 0; target in 2009 – 50; target in 2013 – 500 (data source – MoES) (measure 1.2):
- number of study programmes improved according to Bologna principles: target in 2009 – 50; target in 2013 – 440;
- number of study programmes improved according to labour market needs: target in 2009 – 0; target in 2013 – 60
- Number of institutions involved in research and innovation policy development that have strengthened administrative capacity within ESF support: baseline in 2004 – 0; target in 2009 – 0; target in 2013 – 6 (data source – MoES) (measure 1.1).

448. Results:

- Proportion of higher education institutions implementing improved study programmes: baseline in 2004 – 0%; target in 2009 – 10%; target in 2013 – 50% (data source MoES) (measure 1.2);
- Proportion of students on doctoral level who received ESF masters' grant prior to entering doctoral studies (of the total number of students on doctoral level): baseline in 2004 – 0%; target in 2009 – 30%; target in 2013 – 50% (data source – MoES) (measure 1.2);
- Proportion of students on doctoral level who received ESF grant (of the total number of students on doctoral level): baseline in 2004 – 0%; target in 2009 – 30%; target in 2013 – 80% (data source – MoES) (measure 1.2);
- Proportion of the full-time employed research staff supported by ESF out of all people employed in science and research: baseline in 2004 – 0%; target in 2009 – 3%; target in 2013 – 10%. (data source – CSB and Eurostat) (Measure 1.1).

449. Impact:

- Increasing proportion of the employed in science and research, % from economically active population in the State: baseline in 2004 – 0,73%; target in 2009 – 0,83%; target in 2013 – 1% –⁸⁰ (data source – CSB and Eurostat) (measure 1.1);

⁷⁹ In 2004 number of scientists working as full-time research staff amounted 3324. Due to SF support additional scientists (doctorates, emigrated scientists and scientists from abroad) is foreseen to attract as full-time R&D staff.

⁸⁰ The number of research and development personnel includes full-time and partly employed scientists and other administrative and technical support staff involved in R&D (in accordance with the definition in Eurostat data)

- Increased number of prepared doctors per year: baseline in 2004 – 85; target in 2009 – 255; target in 2013 – 425 (data source – MoES, data is collected annually from higher educational establishments) (measure 1.2);
- Increased proportion of students in engineering, technologies and natural sciences (% from the totality of students): baseline in 2004 – 14,6%; target in 2009 – 16%; target in 2013 – 18,6%(data source – MoES, data is collected from higher educational establishments) (measure 1.2).

Measure 1.1 “Development of Scientific and Research Potential”

Introduction

450. 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. The national Development Plan of Latvia for 2007-2013 has defined the development of science and research as one of the pillars of State development.

Objective of the Measure

451. Specific objective of the measure is to to develop scientific and research potential and capacity, attracting supplementary human resources to science and research by creating new scientific workplaces and new research groups for research projects elaboration and cooperation improvement among higher education institutions, research centres and enterprises, improving research and innovation policy and administration, and contributing to awareness of society about the role of science and research.

Description

452. 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.
453. 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.
454. The main cause for labour shortages in scientific sector is low wage and inadequate 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).
455. In order to have an effective development of science, technologies and innovations there is lack of unitary State policy and objective evaluation of the current situation. To solve the mentioned problem there are provided the relevant activities in the framework of the measure: to accomplish all-inclusive independent outside evaluation of research and

innovation policy, prepare proposal for unitary policy output and implementation as well as give support to the improvement of responsible institution capacity.

456. In order to decrease lack of human resources in science and research there is provided support for establishment of new workplaces for scientists and new research groups for research project implementation and interdisciplinary researches in the sciences, social sciences and the humanities as well as cooperation between research institutions and enterprises. The informative measures will promote society, i.e. youth, entrepreneurs and other representatives, comprehension about the role of research and motivation to exploit and develop innovation and science potential respectively to individual's abilities, possibilities and character of employment.

List of Indicative Target groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

457. Measure is targeted at research institutions (research institutes, higher educational establishments, research institutes of higher educational establishments), State administration institutions, researchers, new scientists, doctorates and masters, pupils and students, commercial entities and entrepreneurs, employers and professional organizations, educational establishments, and municipalities.

Planning Framework

458. 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.
 - European Council and Parliament Decision on 7th Framework Programme for Research and Development, and Science and Technology. And EURATOM 7th Framework Programme for Research in 2007 – 2013, which defines general principles and structure of FP7.
 - 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.
 - National Development Plan for 2007-2013 which emphasize development of research potential and integration in unitary European research space.
 - Higher Education, Research and Technologies Development Guidelines for 2002-2010.

Previous Assistance

459. 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.
460. 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.
461. 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 and demarcation

462. Measure “Science and Research Potential Development” activities for new researchers attraction will give a positive impose on operational programme “Entrepreneurship and Innovations” measure “Science, Research and Development” and measure ”Innovations”. By supporting new scientists there will be strengthened science and research potential capacity for implementation of practical research projects, elaboration of innovative solutions and related entrepreneurship, thus stimulating invention of higher added value products and development of national economy. In the framework of operational programme “Human Resources and Employment” support will be given to forming and operation of new research groups, furthermore, operational programme “Entrepreneurship and Innovations” ensure equipment for practical research necessary for the research groups.
463. Measure activities are correlated to operational programme “Human Resources and Employment” measure “Development of Higher Education”, thus promoting coherence among higher education, State research institutes and private sector, fostering and motivating students, masters and doctors involvement in the research. In particular, new doctors and doctorate students will be promoted in the involvement in new research group formation and operation.
464. The aim of scientific and research development is to develop science and research potential, which, in turn, shall have positive impact on operation programme “Entrepreneurship and Innovations” funded measures for modernization of scientific and research infrastructure, and have synergy between these measures. Improvement of scientific and research infrastructure in higher educational establishments and research institutes will promote positively attractive and motivating work conditions for science and research employees by the means of modern research equipment.
465. The measure is complementary to EFF priority Axis 3 „Measures of common interest” measure I “Collective operation actions” activity „Promotion of partnership, co-operation and acquiring of skills” and to EAFRD measure “Vocational training and information actions”. In implementation of different measures demarcation will be ensured by supporting educational opportunities in different areas for each society group within the measure supported by ESF, with the exception for joint action projects for professional training in fishery (supported by EFF) and for vocational training and

information accessibility to those occupied in agriculture, forestry and in agricultural production (supported by EAFRD).

Consistence with Horizontal Priorities

Balanced Territorial Development

466. In the framework of the measure support will be provided for research institutions having international competitiveness as well as human resource attraction in the whole territory of Latvia, thus insurance will be available for improvement of research base and human resources of research institutions outside Rīga too. The activity will, generally, contribute to competitiveness of regions, attract human resources to regions and state research institutions and help restructure labour pool. In terms of measure there will not be determined regional quotas. All the regions and research institutions are adapted to equal structural fund co-financing rates.

Macroeconomic stability

467. The key objective of the activity is to strengthen science and research human resource potential thus promoting knowledge-based economy, increasing number of innovative companies' activities, development and competitiveness of State economy, export volumes and ensuring positive foreign trade balance.

Sustainable development

468. The measure activities will not impose directly on environment, though improvement of science and research potential capacity and promotion of new research group formation will contribute to the development of environmental science and knowledge on environment as well as adhere to sustainable development terms in elaboration and implementation of innovative solutions.

Equal opportunities

469. Measure activities do not provide limits in aspects of gender and equal opportunities. Coherence with horizontal priorities and preclusion of discrimination (gender, race, ethnic minority, religion, disability, etc.) will be one of the terms for potential project introducers, thus ensuring adherence to equal opportunities. Evaluation criteria will be based on coherence with horizontal priorities, preference will be given to projects with link to horizontal priorities. Criteria presume gender equality in implementation of projects.

Information Society

470. Activity involves extensive use of ICT in science, research and innovations, thus ensuring cooperation, integration and international competitiveness of research institutions. Development of information society will be ensured by measure synergy with operational programme "Entrepreneurship and Innovations" measure "Science, Research and Development" which provides improvement of information technology infrastructure and information systems for research.

International competitiveness of Rīga

471. In the framework of measure support will be provided for internationally competitive research institutions (funding recipient selection criteria will determine condition of international competitiveness of research institutions). Since the mentioned research institutions are mainly (approximately 80%) located in Rīga, the international competitiveness of Rīga as the main research development centre in the State will be fostered.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

472. Indicative activity 1.1.1.1. Strengthening of research and innovation policy development and administrative capacity.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

473. Indicative objective: Accomplish independent outside evaluation of research and innovation policy implementation and foster development of research, technologies and innovations, and strengthen administrative systems, cooperation and capacity of institutions responsible for research and innovation policy elaboration.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

474. The list of indicative target group of activity: State administration institutions, research institutes.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

475. The list of indicative final beneficiaries: State administrative institution.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

476. Indicative activity 1.1.1.2. – Attraction of Human Resources to Science

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

477. Indicative objective: To promote supplementary attraction of human resources to science, by establishment of new research groups and cooperation among higher educational institutions, research centres and enterprises, attraction of Latvian scientists from abroad and foreign scientists, and fostering new scientist involvement in projects and their management, particularly in the areas of interdisciplinary researches.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

478. The list of indicative target group of the activity: State research institutes, scientists, new scientists, doctorates and masters.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

479. The list of indicative final beneficiaries: State research institutions: state research institutes, state higher educational establishments, research institutes of the higher educational establishments.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

480. Indicative activity 1.1.1.3. – Reinforcing Motivation for Scientific Activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

481. Indicative objective: To inform and extend public, particularly youth and student awareness of scientific breakthroughs and their value to society, innovations and their development potential, including value to businesses, foster new scientist involvement in projects and their management, particularly in the areas of interdisciplinary researches .

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

482. The list of indicative target group of the activity: Students, companies, entrepreneurs, employers and professional associations, educational establishments, municipalities and state institutions.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

483. The list of indicative final beneficiaries: Legal entities registered in the Republic of Latvia.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Measure 1.2 “Development of Tertiary (Higher) Education”

Introduction

484. One of the main objectives of Latvia economical policy is to establish an effective, competitive and knowledge based economy. In order to promote the development of Latvia economy there should be made prerequisites for transition from the model of low-qualified labour employment and the industry of low added value production to an innovative (knowledge-based) development model. In order to implement this objective there is a necessity to improve higher education quality, thus providing the preparation of highly qualified specialists, correspondent to the requirements of labour market, promote the development of human potential in the field of science and research, investing elaboration in progressive technologies, products and services.
485. Community Strategic Guidelines determine knowledge-based economy development aiming at the following tasks: modernization of the higher education, adapting educational system to the requirements for knowledge and skills, human potential development in science, research and innovations. NLP of Latvia includes increase of access to higher education, quality and match to the market needs. In addition, National Development Plan for 2007-2013 as the main tasks of solution determine the following: improvement of higher education quality, modernization of studies, support to master's and doctor's study programmes, raise of academic personnel professional and research qualifications, thus providing preparation of educated, highly qualified specialists according to the needs of national economy and attract new human resources to higher education, science and research.

Objective of the Measure

486. The measure is aimed at improving the quality of tertiary education studies and programmes, increase proportion of students in masters and doctorate study programmes and raise professional and research qualifications of the academic personnel.

Justification and Description of the Measure

487. In the National Strategic Reference Framework for 2007-2013 and operational programme “Human Resources and Employment” current situation analysis identify the following problems in the development of higher education:
- Lack of systematic analyses of the national economy medium-term demand in the professional and higher education;
 - Insufficient quality of the higher education and cooperation between higher education establishments and the employers to promote the preparation of qualified specialists correspondent to the labour market demand;
 - Low density of students in natural sciences, technologies, engineering and health care;
 - Insufficient number of students and graduates in master's and doctor's study programmes;
 - Ageing of the academic staff and its unsatisfactory activity in the qualification improvements.

488. Although in the academic year of 2006/ 2007, in Latvia the number of higher education students per 10000 population was 566 students which was the second highest ratio in the world, 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 (in Latvia from the totality of students 5,2% studied natural sciences and mathematics, on average in the EU – 11,8%; in Latvia from the totality of students 9,5% studied engineering and technologies, on average in the EU – 14,5%). By now, hardly any investments of public funds have been provided for the development of higher education establishments and their study programmes due to funding deficiency for tertiary education (0,7% of gross domestic product).
489. 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. The age structure of academic staff is still worsening, more than 50% from academic personnel is over 50, and the proportion of academic staff with a scientific degree is also decreasing – 48% (in 2002 – 50%)..
490. 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.
491. 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.
492. In order to solve the identified problems the measure provides improvement of study programme contents and quality of implementation in the areas of special importance for the national economy (study programmes in natural sciences, mathematics, IT, engineering, medicine, environmental sciences, etc.) by ensuring higher professional study programme accordance with the labour market demands and alignment of knowledge and skills obtained in professional studies with the needs of practical working conditions. Improvement of study programmes and courses will be implemented by cooperation with employers and professional associations, strengthening coherence between studies and respective entrepreneurship. 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 academic environment – higher educational schools, universities and university colleges providing study programmes. 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.
493. The measure provides support to proportion increase of students in doctorate and master study programmes, thus ensuring preparation of the highly qualified specialists for the elaboration of progressive technologies, products and services and development of national economy, supplementary solving the problems with aging of academic personnel and insufficient human resources in science and research.

List of Indicative Target Groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

494. 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, professional organisations and employers, as well as institutions of responsibility for higher education.

Framework of Planning Documents

495. The necessary measures for development of higher education will be implemented in the terms of priority "Higher education and science" in accordance with the following main documents:
- National Strategic Reference Framework 2007-2013;
 - 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;
 - Lisbon National Reform Programme of Latvia 2005-2008;
 - Guidelines for Development of Education for 2007 – 2013;
 - Guidelines for Development of Higher Education, Research and Technologies for 2002-2010;
 - Guidelines „Human Resources Development in Health Care”.

Previous Assistance

496. 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 69 mln euros. Within the measure „Development of education and continuing education”, 29 mln EUR of the above sum will be allocated to the development of tertiary education, thus improving quality of study process and implementing study programmes in the areas of natural sciences and technologies, including improvement of current higher educational study programmes and elaboration of the new, as well as giving support to doctorate and post-doctorate research. However, the improvement of higher educational study process is not correspondent to the rapid growth of economy and changes of market demands. Therefore there is still an exceeding necessity for means to ensure tertiary education of high quality and adequate to the labour market needs.

Synergy and demarcation

497. The activities within the measure „Development of tertiary education” are closely interlinked with the measures ”Science, research and development” and “Innovations” 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. Measure activity “Support to implementation of the doctorate and master study programmes” supplements activities provided by operational programmes “Human Resources and Employment” measure “Development of science and research potential”, ” and activity “Attraction of highly qualified employees” under the measure “Employment” by preparation of highly qualified specialists, promoting their involvement in research and developing human

capital in research and innovations as well as contributing to growth of research potential in Latvia.

498. The activities planned within the measure are closely interlinked with the measure „Modernization of higher educational establishment premises and devices” of the Operational Programme „Infrastructure and Services” under which it is planned to support infrastructure, improve equipment and adapt it to the persons with disabilities.

Compliance with the Horizontal Priorities

Balanced territorial development

499. In general, the measure will contribute to polycentric development of higher education and the raise 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. Selection criteria of the project will ensure support to the priority study areas in the competitive educational establishments and the projects demonstrating interlink with ERDF funding. To ensure access to higher education and preparation of qualified specialists in regions, support will be provided to integration of Rīga higher educational institution branches into existing regional educational establishments as well as foundation of new professional colleges in the regions. All the regions and funding recipients will have equal Structural Fund co-financing rates. When granting assistance to master’s degree or doctor’s degree study programmes, the funding support 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

500. 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 preparing highly qualified specialists, ensuring their correspondence to the market 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 such as natural sciences, information technologies, engineering sciences, production and construction, environmental protection, etc., that will contribute to the national economy in the medium and long term. 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.
501. 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 cooperation between educators and employers.

Equal opportunities

502. Measure activities do not provide limits in aspects of gender and equal opportunities. Coherence with horizontal priorities and preclusion of discrimination (gender, race,

ethnic minority, religion, disability, etc.) will be one of the terms for potential project introducers, thus ensuring adherence to equal opportunities. Evaluation criteria will be based on coherence with horizontal priorities, preference will be given to projects with link to horizontal priorities. Criteria presume gender equality in implementation of projects. The priority areas of university studies 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

503. The measure will give a positive impulse on sustainable development. Although it has no direct impact on environment, the planned activities ensure support to preparation of environmental protection specialists and improvement of higher educational study programmes, including study course on environment, thus giving opportunity to improve and apply knowledge of environmental sciences and sustainable development for academic personnel and students as well as the prepared highly qualified specialists.

Information society

504. Measure activities will give contribution to formation of information society by use of information and communication technologies in the study process, elaboration and implementation of e-studies and e-resources in higher education. Specific selection criteria will provide an additional support for projects which are turned to apply information and communication technologies and electronic resources in the study process.

International competitiveness of Rīga

505. Due to mainly location of higher educational establishments in Rīga, the international competitiveness of Rīga as the main national educational and science centre in the State will be fostered.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

506. Indicative activity 1.1.2.1. Support to Doctor's and Master's study programmes.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

507. Indicative 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

508. The list of indicative target group of the activity: higher education establishments, academic staff, Doctor's degree students, master's degree students.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

509. The list of indicative final beneficiaries: Higher educational institutions, implementing doctorate study programmes and higher educational institutions implementing master study programmes in natural sciences, mathematics and information technologies, engineering, production and construction, agriculture; health care; environmental protection; transport services, art (interdisciplinary study programmes).

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

510. Indicative activity 1.1.2.2. Support to improvement of tertiary education studies.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

511. Indicative objective: To provide modification of higher educational study programmes and formulation of higher educational study results according to the EU qualification framework and improve quality of higher educational study programmes to ensure correspondence of study programme contents to the actual labour market needs by improvement and elaboration of new study programmes in cooperation with employers and professional organisations, aligning professional knowledge and skills of students with the practical working conditions in the respective area/industry, as well as raise qualification and competence of academic personnel with a view to innovations and knowledge based economy.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

512. The list of indicative target group of the activity: higher education establishments, academic staff, higher education students, employers and professional organisations, State institutions responsible for higher education.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

513. The list of indicative final beneficiaries: Higher educational institutions.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Priority 2 „Education and Skills”

514. Primary objective of the priority is to improve quality and access to general and vocational 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 as well as strengthening of capacity of institutions responsible for education and life-long learning and cooperation in development and implementation of educational policy.

514.¹ The priority division into activities, including their description (the name of activity, the objective of activity, the target group of activity and final beneficiaries), is indicative. Latvia has a right to update the content of activities, adjusting it in the national level planning documents.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Justification

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

Strengths	Weaknesses
<ul style="list-style-type: none"> - Developed network of general and vocational educational institutions in the whole territory of Latvia - A high general educational level of the population indicating a trend to be interested in education - A qualitative, available and competitive education preferred to be one of the most important priorities of the state and government - Elaborated national project documents of the politics to develop education and lifelong education in the period of 2007 – 2013 - Experience in the implementation of the bilingual education and the national minorities’ - A contemporary normative bases of educational system 	<ul style="list-style-type: none"> - No systematic analysis of the medium term economic demand for professional education, national qualification system and educational programmes are not correspondent to the labour market requirements - Limited capacity of the educational system due to ageing infrastructure in all levels of education - Insufficient qualification and number of the compulsory school teachers - Insufficiently developed career counselling schemes for young people - Inefficient cooperation among vocational education establishments and employers - A low prestige of vocational education and insufficient quality of it, unsatisfactory number of the vocational students - Limited opportunities of life-long learning (continuing education), as well as limited educational opportunities for groups at risk of

	<p>social exclusion</p> <ul style="list-style-type: none"> - Insufficient infrastructure and qualifications of the teaching staff to integrate students with special needs
Opportunities	Threats
<ul style="list-style-type: none"> - The improved content of education in natural sciences and the implemented centralized exam system - Application of international (especially EU) experience and practices to improve the educational system and participation in comparative quality research - Demand for qualified branch specialists promoting development and improvement of education supply. - Possibilities of out of school education and education of interests - Lifelong education guidelines and implementation of action projects, developed continuing education supply - Available education infrastructure for lifelong education needs 	<ul style="list-style-type: none"> - Negative natural population growth resulting in rapidly decreasing number of students in all levels of education - Teaching staff ageing and possible deficiency of teachers - Prepared young specialists' emigration to another countries - Increase of education service expenses

516. 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 for all social groups and preparing a competitive labour force in the areas of national economy importance.

Objective

517. The core objective of the priority is to ensure preparation of knowledgeable, skilful labour force matching labour market demands by improvement of education quality and accessibility, enabling further education for all social groups, during their entire lifetime, thus increasing the economic potential and labour productivity and maintaining employment, as well as capacity strengthening of the institutions involved in education and life-long learning and improvement of cooperation in educational policy development and implementation.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Measures

518. Priority consists of two measures. "Development of vocational and general skills" measure aims at promotion of quality, accessibility and attractiveness of vocational and

general education, improvement of national qualification system and contents of vocational and general education, competence raise of vocational and general educators as well as strengthening capacity and cooperation of the involved bodies in vocational education. Measure “Development of life long learning and improvement of cooperation and capacity strengthening of institutions responsible for education and life long learning policy ” aims at access of life long education to all groups of population, including groups at risk of social exclusion, support for youth to decrease risk of social exclusion and integrate in educational system, development of professional orientation and career-related education as well as strengthening capacity and cooperation of the institutions responsible for education and lifelong learning policy.

Synergy and demarcation

519. Priority is coherent with the operational programme *Infrastructure and Services* regarding development of vocational and general education infrastructure, thus improving quality of educational process and matching supply to market demand. Measure activities to improve general secondary education and develop career-related education will provide secondary school graduates with necessary base of knowledge for further higher education and ensure youth with target oriented choice of further education and profession, thus impacting positively higher education and science measure in operational programme “Human Resources and Employment”. Measure to improve general skills and knowledge will indirectly complement measure “Health at work” in operational programme “Human Resources and Employment” by provision of health education measures in education curriculum. Priority measure to strengthen capacity and cooperation of the involved institutions in education and life long education will give a positive impact on other ERDF and ESF funded operational programme priorities, thus ensuring target-oriented, all-inclusive and mutually supplementary elaboration and implementation of education and life long education policy, i.e. in the framework of the EU funds. Priority is additionally related to promotion of social inclusion in operational programme “Human Resources and Employment”, thus ensuring access to education for social exclusion risk groups.
520. Priority’s measure “Development of Vocational Education and General Skills” is relevant to support available in a frames of EFF priority Axis 1 “Measures for adaptation of the Community fishing fleet”, priority Axis 2 “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” , priority Axis 3 “Measures of common interest” and the measure “Vocational training and information actions” of the Rural Development Programme for Latvia 2007-2013, supported by EAFRD, thus ensuring mutually complemented support. Supported areas of different measures are clearly defined thus ensuring there will be no overlapping of different activities.
521. Priority’s measure “Development of Lifelong Learning and Cooperation and Capacity Strengthening of Institutions responsible for Education and Lifelong Learning Policy” is relevant to support available in a frames of EFF priority Axis 3 “Measures of common interest”and of the measures “Vocational training and information actions” and “Setting up of Management, Relief and Advisory Services” of the “Rural Development Programme for Latvia 2007-2013”, supported by EAFRD, thus ensuring mutually complemented support. There will be no overlapping of activities within frames of measures of previously mentioned planning documents, as there are clearly defined target groups and training areas which are ment to be supported.

Indicators

522. Outputs :

- Number of improved educational programmes: baseline in 2004 – 0; target in 2009 – 14; target in 2013 – 120 (data source – MoES) (measure 2.1):
 - number of improved vocational education programmes: target in 2009 – 10; target in 2013 - 100;
 - number of improved general education programmes: target in 2009 – 4; target in 2013 – 20;
- Number of educators⁸¹ who have received ESF support : baseline in 2004 – 0; target in 2009 – 5 700; target in 2013 – 27 400 (data source – MoES) (measure 2.1):
 - number of vocational education educators who improved competence and qualification: target in 2009 – 1200; target in 2013 - 5 000 (100% from the totality);
 - number of general education educators who improved competence and qualification: target in 2009 – 3000 target in 2013 – 20 000 (60% from the totality);
 - number of general education educators who received scholarships: target in 2009 – 1500; target in 2013 - 2 400;
- Number of vocational education students who have received direct ESF support by scholarships: baseline in 2004 – 0; target in 2009 – 2 000; target in 2013 – 10 000 (data source – MoES) (measure 2.1):
- Number of students involved in vocational guidance activity: baseline in 2004 – 0; target in 2009 – 20 000; target in 2013 - 160 000 (data source – MoES) (measure 2.2);
- Number of students at risk of social exclusion who received ESF support for appropriate education: baseline in 2004 – 0; target in 2009 – 1 500; target in 2013 - 10 000 (data source – MoES) (measure 2.2);
- Number of persons⁸² involved in education policy development, implementation and management and receiving ESF support for capacity strengthening – baseline in 2004 – 0; target in 2009 –1000; target in 2013 –4700 (data source – MoES) (measure 2.2);
- Number of persons receiving ESF support (education and training) within lifelong learning activity: baseline in 2004 – 0; target in 2009 – 5 000; target in 2013 – 20 200 (data source – MoES) (measure 2.2).

523. Results:

- Proportion of vocational education students studying in improved vocational education programmes baseline in 2004 – 0 %; target in 2009 – 5%; target in 2013 – 50% (data source – MoES) (measure 2.1);
- Proportion of vocational education students directly supported by ESF out of all vocational education students: baseline in 2004 – 0; target in 2009 – 5%; target in 2013 – 25% (measure 2.1);

⁸¹ General and vocational educators, lecturers of educational centres, educational support personnel, career consultants in educational establishments.

⁸² Employees in state administration and municipalities involved in educational policy elaboration and implementation, head of educational establishments, social partners, coordinators of life long education.

- Proportion of students (in grades 7-12), studying in improved general education programmes: baseline in 2004 – 0%; target in 2009 – 0%; target in 2013 – 60% (data source – MoES) (measure 2.1)
- Proportion of teachers in vocational education and general education who have received competence building in vocational education and general education: baseline in 2004 – 0%; target in 2009 – 10%; target in 2013 – 50% (data source – MoES) (measure 2.1 “Development of vocational education and general skills”);
- Proportion of vocational education and general education institutions implementing improved programmes: baseline in 2004 – 0%; target in 2009 – 10%; target in 2013 – 70% (data source – MoES) (measure 2.1);
- Proportion of institutions, responsible for development and implementation of education and lifelong learning policy, whose personnel participated in capacity building activities: baseline in 2004 – 0%; target in 2009 – 2%; target in 2013 – 80% (data source – MoES) (measure 2.2);
- Proportion of educational institutions providing vocational guidance measures: baseline in 2004 – 0%; target in 2009 – 5%; target in 2013 – 30% (data source – MoES) (measure 2.2).

524. Impact:

- Decrease of upper secondary education graduates with low and very low level of skills in natural sciences, mathematics and foreign languages (% from the total number of upper secondary education graduates): baseline in 2004 – 27%; target in 2009 – 25%; target in 2013 – 21% (data source – MoES, data is collected annually from results of centralized graduation exams) (measure 2.1);
- Increase the percentage of young people having completed at least upper secondary education (% from the totality of students at age 20-24) – baseline in 2004 – 79,5%; target in 2009 – 84%; target in 2013 – 87% (data source – MoES and Eurostat) (measure 2.1 and measure 2.2);
- Decrease of number of basic school graduates who do not continue education (% of basic school graduates): baseline in 2004 – 4,9%; target in 2009 – 3,9%; target in 2013 – 2% (data source – MoES and CSB) (measure 2.1 and measure 2.2).

Measure 2.1. “Development of Vocational Education and General Skills”

Introduction

525. 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. In accordance with the EU Educational Policy Development Guidelines 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.
526. Community Strategic Guidelines determine education development aiming at quality and access to all levels education, thus contributing to employment. Latvian National Lisbon Programme provides improvement of access to all levels education, educational quality and correspondence to labour market needs. Above mentioned priorities are emphasized by National Development Plan for 2007 -2013 aiming at qualitative primary education, compulsory secondary education and development of vocational education, particularly in the regions.

Objective of the Measure

527. The objective of the measure is to promote development of vocational educational system, improving its accessibility and correspondence to labour market needs and ensure quality of general skills acquisition, including improvement of educators’ professional competence, particularly coherent with innovations and knowledge-based economy, in general and vocational educational establishments.

Justification and Description of the Measure

528. The National Strategic Reference Framework for 2007-2013 and operational programme “Human Resources and Employment” determine current situation analysis identifying the following problems in the development of vocational education and general skills:
- National qualification system and educational programmes not correspondent to the labour market demands, as well as insufficient cooperation between educational establishments and employers concerning improvement of education;
 - Significant proportion of youth involvement in labour market without any qualification and insufficient general knowledge for further education;
 - Insufficient youth involvement in secondary education, low prestige of vocational education and inadequate quality of education, low number of intended students;
 - General and vocational educators’ qualification not correspondent to contemporary needs, shortage and aging of teaching staff.
529. 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 reduces their prestige and attraction. Insufficient cooperation between vocational education establishments, employers, and social partners 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 labour market. There is also a lack of systematic labour market research and forecasts of medium-term needs. 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.

530. 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.
531. 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 – 10% of all teachers are of retirement age, 2/3 of educators are above 40, young teaching staff is insufficient. Most of the educators, particularly vocational educators, have insufficient competence and skills for implementation of modern study contents.
532. In order to solve identified problems and ensure ability of educational system to prepare labour force matching labour market requirements and knowledge-based economy, measure aims at support to development of educational system, improvement of its quality, correspondence, attraction and accessibility. Thus the improvement of national qualification system and research of national economy will be ensured resulting in improvement of profession standards and implementation, examination and study process of vocational educational programmes. Employers, professional organizations and social partners will be involved in educational contents and its implementation improvement activity in order to provide educational supply to labour market demands as well as training and internship adequacy to qualification requirements. Therefore, measure will ensure support to social partners to strengthen capacity and improve cooperation.
533. In order to improve quality, contents and programmes of general education there will be implemented reform of secondary educational contents in general education emphasizing application of knowledge, improvement of teaching methods and evaluation system of study achievements, promoting interest in subjects of natural sciences and technologies as well as acquisition of foreign languages, turning to practical application of theoretical knowledge. The measure provides activities to ensure sufficiency of educators in priority subjects (natural sciences, mathematics, information technologies, and foreign languages) and provide with young educators' involvement in school work.

534. Measure provides support to competence raise of educators and internship managers involved in vocational and general education, particularly concerning modernization of educational contents, innovations and knowledge-based society.

List of Indicative Target Groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

535. The target groups of the measure are students of general and vocational educational schools, educators involved in vocational, general and continuing education; internship managers and craftsmen involved in vocational education; students obtaining qualification of general and vocational education educators; academic personnel in higher educational institutions involved in training young educators, employers and professional organizations, social partners, vocational education and employment cooperative institutions, state administrative establishments involved in vocational education, vocational educational establishments or VET supporting institutions.

Framework of Planning Documents

536. The necessary measures for vocational and general skills will be implemented in the terms of priority “Education and skills” in accordance with the following main documents:
- National Strategic Reference Framework 2007-2013;
 - 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 2005-2008;
 - Education Development Guidelines for 2007 – 2013;
 - Life Long Education Policy Guidelines for 2007-2013;
 - Policy Guidelines on Disability and Reducing its Consequences for 2005-2015.

Previous Assistance

537. 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 69 mln EUR.
538. 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 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 and demarcation

539. The activities planned within the measure are closely interlinked with the priority “Infrastructure for human capital development ” of the Operational Programme

„Infrastructure and Services” and the measures „ Vocational education infrastructure ” and „ Ensuring educational infrastructure for 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 supplements to the measure „ICT infrastructure and services” of the Operational Programme „Infrastructure and Services” under which it is planned to ensure educational system with IT. Priority activities planned for improvement of general secondary education will impose positively on priority “Higher education and science” of the operational programme “Human resources and Employment”, thus ensuring the necessary knowledge level of secondary school graduates for further studies in tertiary education.

540. Measure’s activity “Development of vocational educational system, improvement of quality, conformity and attraction” is complementary to EFF priority Axis 1 “Measures for adaptation of the Community fishing fleet”, measure „Socio-economic measures” and to EAFRD measure “Vocational training and information actions”. In implementation of different measures demarcation will be ensured by supporting educational opportunities in different areas for each society group within the measure supported by ESF, with the exception for fishermen’s vocational training in fishery (supported by EFF) and for vocational training and information accessibility to those occupied in agriculture, forestry and in agricultural production (supported by EAFRD).
541. Measure is complementary to EFF priority Axis 2 “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure „ Productive investments in aquaculture ”. In implementation of different measures demarcation will be ensured by supporting educational opportunities in different areas for each society group within the measure supported by ESF, with the exception for vocational training about aquaculture to those occupied in aquaculture (supported by EFF).
542. Measure is complementary to EFF priority Axis 2 “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure “Processing and marketing of fishery and aquaculture products”. In implementation of different measures demarcation will be ensured by supporting educational opportunities in different areas for each society group within the measure supported by ESF, with the exception for vocational training about processing and marketing of fishery and aquaculture products to those occupied in processing and marketing of fishery and aquaculture products (supported by EFF).
543. Measure is complementary to EFF priority Axis 3 “Measures of common interest” measure „Collective operational actions” activity „Promotion of partnership, co-operation and acquiring of skills”. In implementation of different measures demarcation will be ensured by supporting educational opportunities in different areas for each society group within the measure supported by ESF, with the exception for joint action projects for professional training in fishery (supported by EFF).

Compliance with the Horizontal Priorities

Balanced territorial development

544. The measure will promote a polycentric development model. Balanced territorial development will be ensured by supporting availability of general and vocational

education to residents living in the development centres of national, regional or local importance, as well as in rural areas throughout the planning regions. The balanced support to all regions of Latvia will be provided by project selection criteria, which will control division of financial resources according to the existing and planned number of students and educators in general and vocational educational establishments in regions as well as planned progresses of regional and territorial development and requirements of regional labour market needs. Preference (additional points in project assessment) will be given to those projects which cover a greater target group and demonstrate links with ERDF. All regions and funding recipients will have equal Structural Fund co-financing rates.

Macroeconomic stability

545. 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.
546. 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 mechanics, metal processing, power industry, electronics and automatics, transport, construction, wood processing, agriculture, chemistry industry and other areas, thus ensuring a qualified labour force necessary for development in all the regions. 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 cooperation between educational establishments and employers as well as ability of education to adapt to labour market demands.

Equal opportunities

547. Measure activities do not provide limits in aspects of gender and equal opportunities. Coherence with horizontal priorities and preclusion of discrimination (gender, race, ethnic minority, religion, disability, etc.) will be one of the terms for potential project introducers, thus ensuring adherence to equal opportunities. The preference will be provided for those projects which will observe these principles. The measure will have a positive impact on gender equality because of promotion activities to create interest in the sciences for females as well, giving opportunity to choose a well-paid profession in future.

Sustainable development

548. 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 contents of the correspondent subjects in order to prepare environmental specialists.

Information society

549. Measure activities will give contribution to formation of information society by use of information and communication technologies in the study process, elaboration and implementation of e-studies and e-resources in general and vocational education. Specific selection criteria will provide an additional support for projects which are

turned to apply information and communication technologies and electronic resources in the study process.

International competitiveness of Rīga

550. Assistance provided within the measure will ensure balanced development of regions, and no special activities foreseen for Rīga development. Though, the projects implemented in Rīga will promote Rīga development, thus strengthening competitiveness significant for the whole territory of Latvia.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

551. Indicative activity 1.2.1.1. Development of vocational educational system, improvement of quality, conformity and attraction.⁸³

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

552. Indicative objective: to increase proportion of students in vocational educational programmes and promote conformity of vocational qualification with labour market demands, thus improving national qualifications system, standards of profession, educational programmes and examination, improving attractiveness of vocational educational programmes and quality of implementation by competence raise of vocational educators and internship managers involved in vocational education for implementation of modernised curricula, promotion of innovative solutions in vocational education and provision of access to the training correspondent to qualification demands, as well as improve capacity and cooperation between institutions, i.e. social partners, involved in vocational education.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

553. The list of indicative target group of the activity: Students of vocational educational establishments, educators involved in vocational education and continuing education, internship managers and craftsmen; students obtaining qualification of vocational educators and academic personnel of tertiary institutions involved in training of young vocational educators; employers and professional organizations, social partners, cooperative institutions of vocational education and employment, state administrative institutions, involved in vocational education, vocational educational establishments or VET support institutions, institutions and enterprises that according to national legislation perform state administrative functions.

(With Modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

554. The list of indicative final beneficiaries: Ministry of Education and Science, Vocational Education Administration, state administrative institution managing professional cultural education, organizations of social partners eligible to perform at national level (Employers' Confederation of Latvia, Free Trade Union Confederation of Latvia), higher education institutions ensuring preparation of teachers for vocational education,

⁸³ In order to provide more aimful ESF assistance the activity is dividend into several sub-activities in complement of operational programme

vocational educational establishments and colleges, organizations of employers and professional organizations.

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511 and on the 23rd of January 2009 with order No.46)

555. Indicative activity 1.2.1.2. Improvement of general knowledge and skills.⁸⁴

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

556. Indicative objective: improve general knowledge and skills and youth participation in secondary education by implementation of general secondary education reform, thus improving content and programmes, improvement of teaching methods and evaluation system of study achievements, emphasizing knowledge application in practice , and promote interest in natural sciences, technologies and foreign languages; ensure sufficiency of educators and involvement of young educators in school work, as well as support to competence raise of general educators to implement modernized educational content and promote innovative solutions in education.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

557. The list of indicative target group of the activity: Students of general education and primary vocational education, educators, students of education studies and academic personnel involved in training young educators as well as education and education management sciences.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

558. The list of indicative final beneficiaries: State administrative institution performing functions determined by national legislation in the field of development of the curriculum in general education and development of national examination system at the national level; state administrative institution performing functions determined by national legislation in the evaluation of quality of general education at the national level; higher education institutions responsible for implementation of study programmes for teachers; state administrative institution for the implementation of a system of the state language acquisition; state administrative institution performing unitary student crediting policy in the state and ensuring operation and development of student crediting system.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

⁸⁴ In order to provide more aimful ESF assistance the activity is dividend into several sub-activities in complement of operational programme

Measure 2.2. “Development of Lifelong Learning and Cooperation and Capacity Strengthening of Institutions responsible for Education and Lifelong Learning Policy”

Introduction

559. The lifelong learning is very important factor to decrease regional disparities, improve life quality and promote integration of society, emphasizing on the fact that lifelong learning provides opportunities for individual at employment age to obtain knowledge, skills and qualification ensuring preparation of competitive workforce for various industries and increasing the economic potential. General skills form the basis for obtaining qualification, further education and employment, therefore it is an essential component in promotion of working ability for residents under the social exclusion risk. Particular attention has to be paid to the accessibility of adequate education for persons with functional disabilities. Professional orientation and career-related education help in making individual choices for continued education or profession in line with the needs of the society.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

560. Community Strategic Guidelines determine education development aiming at quality and accessibility to education and continuing education for all groups of society throughout their entire life, thus contributing to employment. Latvian National Lisbon Programme provides improvement of access to all levels education and development of lifelong learning system. Above mentioned priorities are emphasized by National Development Plan for 2007 -2013 aiming at stimulation person’s creative potential and the quality of life.

Objective of the Measure

561. The objective of the measure is to improve accessibility of lifelong learning for adults and youth, including groups at risk of social exclusion, promote competitiveness and professional and sectoral mobility of the educators under circumstances of the education system structural changes, promote development of inclusive education and improve professional orientation in the education system, thus in cooperation with social partners encouraging involvement of work force in national economy, as well as strengthen the capacity and cooperation of institutions involved in education and life long learning.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Justification and Description of the Measure

562. The National Strategic Reference Framework for 2007-2013 and operational programme “Human Resources and Employment” determine current situation analysis identifying the problems to which the attention should be paid in the development of lifelong learning:

- Significant density of youngsters involving in the labour market without qualification and correspondent general knowledge and skills for the continuing education;
- Insufficient professional orientation and career-related education for youngsters;

- Insufficient life-long learning, retraining and professional development opportunities for people of different age groups;
 - Weakly developed informal education system;
 - Insufficient accessibility of education and acquisition possibilities of working and social skills for groups at risk of social exclusion, including insufficient resources for educating the disabled.
563. The possibility for successful job searching and employment depends on education level, basic knowledge and qualification acquired. The unbalanced social economic development creates different possibilities for rural and urban residents to acquire high quality education throughout their entire life. Wider lifelong learning opportunities are available for persons capable to pay for the education. Larger quantity of adult residents in Latvia (particularly outside Rīga and Rīga region) doesn't have free resources to invest in education.
564. According to the results of population census in 2000 approximately 7,4 % of adult residents in Latvia (of them 2,9% male, 4,5% female) doesn't have acquired primary education. During the last years the number of youth leaving the school without completed primary education is increasing. Due to several reasons 16% of students of vocational education programmes (accordingly 10% male, 6% female) were expelled in the study year 2004/2005. Limited opportunities for education and continuing education are offered for persons with disabilities and for persons in imprisonment. A little attention is paid to the inclusive labour market and necessary education for pre-retirement age and retired persons.
565. For youth up to age 18 there are possibilities to return back in the formal education system but for persons over 18 these opportunities are limited. At present only 34 evening schools for extramural education are available. There is a lack of alternatives for continuing education. Employers are not willing to offer job opportunities for people with low education and skills. Wherewith the proportion of persons under the risk of social exclusion is increasing. Young people coming from families with a very low level of income, disabled people, 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.
566. To determine the goals and tasks for lifelong learning the Cabinet of Ministers of the Republic of Latvia approved the "Lifelong Learning Policy Guidelines for 2007-2013" on February, 2007 and planning regions elaborated action plans for lifelong learning policy implementation in the regions.
567. In order to solve identified problems the measure provides support to development of administration structure and coordination network, elaboration of continuing education programmes and courses, training of the necessary educators and support personnel, as well as provision of education and training appropriate for the identified needs of lifelong education target groups, thus contributing to activities of Lifelong learning policy guidelines and regional action plans. Due to planned structural changes of the education system particular support is foreseen to promote competitiveness and professional and sectoral mobility of the educators. In order to promote successful inclusion and competitiveness in labour market, the measure will support implementation of informally gained professional skills evaluation and

acknowledgement system and development of sector competence and qualification raise centres. Measures will be implemented in order to make the lifelong learning system more accessible to all the population able to work and by involving both – private and public training providers it is planned to give more responsibility and choice to the prospective beneficiaries of the measure. Support is provided for development of professional orientation and career-related education and promotion of motivated profession and further education choices, thus creating interest in youth to obtain the chosen profession and reducing number of students leaving school.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

568. In order to promote education possibilities for youth of social exclusion risk groups, the measure provides activities for establishing necessary support system and developing inclusive education. Strengthening of cooperation and capacity of institutions involved in education and lifelong learning will ensure implementation of purposeful, effective and coordinated education policy. The above mentioned activities will encourage the full application of existing human potential in the development of national economy.

List of Indicative Target Groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

569. The target groups of the measure are economically active, medium active and inactive adults which are in need of support for further education, persons involved in continuing education and professional education, i.e. educators and support personnel, children and youth in the groups at risk of social exclusion, i.e. children and young people with special needs, functional disabilities, from low income families, youth with the low general skills at the age of mandatory education, youth in social correction establishments, institutions involved in the education policy elaboration and implementation, i.e. public administration institutions, municipalities and social partners, employers and professional organizations; persons working in education system, i.e., head of educational establishments, educational establishments, education support institutions, educators and support personnel, students of general and vocational educational establishments.

Framework of Planning Documents

570. The necessary measures for development of lifelong learning will be implemented in the terms of priority “Education and Skills” in accordance with the following main documents:
- National Strategic Reference Framework 2007-2013;
 - 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 2005-2008;
 - Education Development Guidelines for 2007 – 2013;
 - Lifelong Learning Policy Guidelines for 2007-2013;
 - Policy Guidelines on Disability and Reducing its Consequences for 2005-2015.

Previous Assistance

571. 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 69 mln EUR.
572. Within the measure „Development of education and continued education”, 6 mln EUR of the above sum are allocated for development of lifelong learning, continuing education, career-related education and professional orientation measures. The measure “Promotion of social inclusion” assistance of 5 mln EUR are provided for education opportunities for youth with low basic skills and those with special needs.

Synergy and demarcation

573. The activities planned within the measure are closely interlinked with the Operational Programme „Infrastructure and Services” under which it is planned to modernize education infrastructure in view of the fact that premises and equipment of general and vocational establishments are applicable to the further education and lifelong learning needs organizing evening schools and study courses for adults. Adaptation of higher, vocational and general establishments to persons with functional disabilities, improvement of education infrastructure for obtaining profession in prisons as well as improvement of learning environment in special educational establishments that is carried out by Operational Programme „Infrastructure and Services” mutually complements with the support to education provision for groups at risk of social exclusion in the Operational Programme “Human Resources and Employment”.
574. Lifelong learning measure is interlinked with the measure “Employment” in Operational Programme “Human Resources and Employment” as the competitiveness and inclusion in labour market of residents at employment age is the main task in the both measures diminishing impeded factors. However, the measures will not overlap as the activities in the education area are aimed at ensuring appropriate education possibilities to different society groups at different age thus providing necessary skills and knowledge of work force and activities in the area of employment are aimed at increase of employment and reduction of unemployment.
575. Activities planned for professional orientation and career-related education will impose positively on measures “Higher education development” and “Development of vocational education and general skills” providing assistance to youth choice of further education and profession through the measures of professional orientation carried out in general, vocational and higher education institutions in cooperation with employers.
576. Activities “Development of lifelong learning” and “Improvement of education accessibility for young people groups at risk of social exclusion and development of inclusive education” contribute to the measures of reduction of social exclusion envisaged in the priority “Promotion of social inclusion” ensuring appropriate education possibilities for youth and adults under the risk of social exclusion.
577. Measure is complementary to EFF priority Axis 3 “Measures of common interest” measure „Collective operational actions” activity „Promotion of partnership, co-operation and acquiring of skills” and to EAFRD measures “Vocational training and information actions” and “Setting up of Management, Relief and Advisory Services”. In implementation of different measures demarcation will be ensured by supporting educational opportunities in different areas for each society group within the measure supported by ESF, with the exception for vocational training in groups for agriculture, forestry and in agricultural production sectors and support and consultations to those

occupied in agriculture, forestry and in agricultural production (supported by EAFRD) and for joint action projects for professional training in fishery (supported by EFF).

Compliance with the Horizontal Priorities

Balanced territorial development

578. The measure will promote a polycentric development model in terms of lifelong learning. Balanced territorial development will be ensured by supporting availability of 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 other persons at risk of social exclusion, taking into account particular wishes and needs of the persons involved. The balanced support to all regions of Latvia will be provided by project selection criteria which will control division of financial resources according to number of inhabitants in the regions, number of education establishments, the existing and planned number of students as well as planned perspectives of regional and territorial development and requirements of regional labour market needs. Preference (additional points in project assessment) will be given to those projects which cover a greater target group and demonstrate links with ERDF investments and will be implemented in territories with higher level of unemployment. All regions and funding recipients will have equal Structural Fund co-financing rates.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Macroeconomic stability

579. Generally, the measure is not directly aimed at providing macroeconomic stability, however, its activities will contribute to the implementation of the horizontal priority, reducing obstacles for residents' economical activity due to insufficient education. The aim of this measure is to increase the economic potential.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Equal opportunities

580. Measure will provide a positive impact on horizontal priority ensuring support for appropriate education and lifelong learning accessibility improvement for groups at social exclusion risk. Measure activities will focus on the target groups according to their needs, precluding any discrimination in aspects of gender, race, ethnic minority, religion, disability and other factors. Coherence with horizontal priorities and preclusion of discrimination will be one of the terms for potential project introducers, thus ensuring adherence to equal opportunities. The preference will be provided for those projects which will observe these principles. Within the measure there will be performed surveys on how appropriate activities promote the equal opportunities. The measure will have a positive impact on gender equality supporting further education for persons at pre-retirement age thus promoting pre-retirement aged female involvement in the labour market.

Sustainable development

581. 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 to improve understanding of the society about sustainable development.

Information society

582. Measure activities will give contribution to formation of information society by use of information and communication technologies in the professional orientation and career guidance, elaboration and implementation of e-studies and e-resources in lifelong learning process as well as for the integration of youth at social exclusion risk in education system.

International competitiveness of Rīga

583. Assistance provided within the measure will ensure balanced development of regions, and no special activities foreseen for Rīga development. Though, the projects implemented in Rīga will promote Rīga development, thus strengthening competitiveness significant for the whole territory of Latvia.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

584. Indicative activity 1.2.2.1. Development of lifelong education.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

585. Indicative objective: provide support for implementation of national lifelong learning policy guidelines and regional action plans by widening accessibility of lifelong learning in the regions, promotion of development of sectoral competence and qualification system, promotion of informally gained professional skills evaluation and acknowledgment system, implementation of preventive activities to reduce social exclusion risk for adults, thus contributing to inhabitant inclusion and competitiveness in labour market.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

586. The list of indicative target group of the activity: economically active, medium active and inactive adults which are in need of support for further education, particularly persons with low income, persons working in public sector, working in SMEs, adults without primary education or with low level of general skills (i.e. insufficient knowledge of the official state language), persons with disabilities, self employed, economically passive persons involved mainly in housekeeping, pre-retirement aged inhabitants, social groups with limited opportunities and at risk of social exclusion, i.e., prisoners and discharged of prisons, persons involved in continuing education and professional education, i.e. educators and support personnel.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

587. The list of indicative final beneficiaries: Ministry of Education and Science, state administrative institution performing functions determined by national legislation in implementation of cultural education policy, state administrative institution performing functions determined by national legislation in providing services of professional rehabilitation, state administrative institution performing functions determined by national legislation in realization of state politics in the field of arrest as security measure and deprivation of liberty as implementation of criminal punishment, planning regions, republican city municipality consisting of more than 700 000 inhabitants, employers.

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511 and on the 23rd of January 2009 with order No.46)

588. Indicative activity 1.2.2.2. Development of professional career guidance and professionally-oriented education.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

589. Indicative objective: Develop professional career guidance and professionally-oriented education system, establishing professional career guidance and supporting centres in education establishments, ensuring availability of professional orientation services, particularly in regions as well as encouraging youth to participate in professionally oriented education.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

590. The list of indicative target group of the activities: Students, educators, employers and professional organizations.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

591. The list of indicative final beneficiaries: State administrative institution performing functions determined by national legislation in the development and support of career related education system ; state administrative institution performing functions determined by national legislation in the development of interests education at the national level; state administrative institutions, institutions and enterprises performing national legislative functions in state administration, municipalities, educational establishments, other legal entities registered in the Republic of Latvia.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

592. Indicative activity 1.2.2.3. Improvement of cooperation and capacity strengthening of institutions responsible for the education and lifelong learning policy.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

593. Indicative objective: Strengthen the capacity of institutions responsible for the education and lifelong learning policy in education policy elaboration, formation of policy implementation instruments and impact assessment, improving cooperation and partnership at national, regional and local level.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

594. The list of indicative target group of the activitys: Institutions involved in the education policy elaboration and implementation, i.e. public administrative institutions, municipalities and social partners, persons working in education system, i.e., head of educational establishments.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

595. The list of indicative final beneficiaries: Education Innovation Fund, State Education Development Agency.

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511 and on the 23rd of January 2009 with order No.46)

596. Indicative activity 1.2.2.4. Improvement of education accessibility for young people groups at risk of social exclusion and development of inclusive education.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

597. Indicative objective: To achieve a reduction of early school leaving, to promote integration of youth with functional disabilities in education system by strengthening the capacity of involved institutions, developing supporting systems, elaboration and implementing appropriate education programmes, training educators and providing necessary support personnel, promoting appropriate education and continuing education supply.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

598. The list of indicative target group of the activity: Children and youth in the groups at risk of social exclusion, i.e. children and young people with special needs, functional disabilities, from low income families, youth with the low general skills at the age of mandatory education, youth in social correction establishments, as well as public administrative institutions, municipalities, educational establishments, education support institutions, educators and support personnel.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

599. The list of indicative final beneficiaries: State administrative institution performing functions determined by national legislation in the field of coordination of special education system at the national level, Education Innovation Fund, institution performing functions delegated by national legislation in providing services of professional rehabilitation, educational establishments, other legal entities registered in the Republic of Latvia.

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511 and on the 23rd of January 2009 with order No.46)

Priority 3 “Promotion of Employment and Health at Work”

600. 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.

600.¹ The priority division into activities, including their description (the name of activity, the objective of activity, the target group of activity and final beneficiaries), is indicative. Latvia has a right to update the content of activities, adjusting it in the national level planning documents.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

SWOT Analysis

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

Strengths	Weaknesses
<ul style="list-style-type: none"> - The employment rate of women is above the EU average - Positive growth of the employment rate - Reduction of unemployment - Functioning employment support institutions - Successful implementation of the health care system reform - Health care human resources state policy and health care human resources long term development plan are established - State policy in tuberculosis and HIV infection localization, in tobacco goods demand reduction and limitation of its supply, in public education about wholesome food and in alcohol usage reducing and limitation of alcoholism is established 	<ul style="list-style-type: none"> - A high ratio of persons who are long term unemployed - A high unemployment rate among young people (15-24 years old) - A low level of self-employment, insufficient knowledge for starting entrepreneurship - Undeclared employment - Salary discrimination against women - Limited possibilities for reconciling work and family life - Low work productivity - Non-correspondence of knowledge and skills of workforce to the labour market requirements - Employers are not motivated to invest in training their current and potential employees - Unsatisfactory public health condition - Rapid increase in the number of occupational illnesses, high amount of occupational accidents - Insufficient emphasis on health promotion and preventive activities in health care

	<ul style="list-style-type: none"> - Non-correspondence of the structure of medical personnel to the needs of industry's development - Lack of human resources, appropriate qualification, number and placing in health care sector - Insufficient accessibility to health care services enjoyed by groups at risk of social exclusion
Opportunities	Threats
<ul style="list-style-type: none"> - Labour reserves among economically inactive residents - Stabilisation of the economic situation could result in re-immigration of the labour force - State support to families and 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 - By improvement the understanding of general population about healthy lifestyle, there will be higher quality of labour force and more persons will stay longer in labour market. - Researching and evaluating situation in public health sector will increase effectiveness of investment in health care infrastructure, in human resources and in health promotion measures. - Development of health care and health promotion personnel will ensure better quality of health care services and will promote cooperation between health care institutions and employers. 	<ul style="list-style-type: none"> - Unfavourable demographic situation and emigration of workforce will cause shortage of labour - Increasing cost of health services will reduce their availability - Insufficient financing of the implementation of activities of policy planning documents in health sector - Lack of continuity and succession of implemented health at work measures. - Change of political "players", would change state priorities: diminishing health at work importance - Disagreement between institutions, which are involved in implementation of health goals

602. 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

603. 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

604. 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 including forecasting of skills necessary in the future and supporting introduction of innovative solutions on the labour market. The measure “Health at Work” will ensure complementary support to the above measures of the priority by improving the health status of employees in their work place as well as strengthen institutionally services in charge of providing healthcare services for the workers.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Synergy and demarcation

605. 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.
606. Priority’s measure “Employment” activities are relevant to EFF priority Axis 3 “Measures of common interest” measure „Collective operational actions” and to such a measures of “Rural Development Programme for Latvia 2007-2013” as: “Vocational training and information actions”, “Use of Farm and Forestry Advisory Services”, “Setting up of Management, Relief and Advisory Services”, “Basic services for the economy and rural population”, “Support for creation and development of micro-enterprises” supported by EAFRD, thus ensuring mutually complemented support. There are clearly defined target groups and supported areas what ensure demarcation of support.

Cross-financing

607. In order to ensure effective implementation of the priority and according to the principles of integrated development, potential beneficiaries will be given an opportunity to propose and implement projects and parts of projects that fall within the scope of the European Regional Development Fund, subject to the provisions of article 34(2) of the Regulation (EC) No. 1083/2006 laying down general provisions on the

European Regional Development Fund, the European Social Fund and the Cohesion Fund and the limitations imposed hereafter.

608. Within the Measure 3.1 „Employment”, the cross-financing amount will not exceed 2 million euros, or, 1,49% of the ESF budget planned for the Measure. The cross-financing opportunity is given only to the potential beneficiaries implementing projects within the following activities:

- Activity 3. Practical application of the legislation on labour relations, occupational safety and health, and improvement of supervision (under 5%);
- Activity 5. Support for the implementation of regional action plans for promotion of employment (under 10%);
- Activity 8. Support for seeking the best innovative solutions and for integrating the best practices in the labour market policies and implementation instrument (under 10%).

Indicators

609. Outputs:

- Number of employed persons involved in training – 28400 (base value in 2006 – 4744; target in 2009 – 6080) (Measure 3.1);
- Number of unemployed persons and jobseekers involved in modular training, re-qualification or continuing education – 36000 (base value in 2006- 17897; target in 2009 – 13374) (Measure 3.1);
- Number of persons who receive training on business start-ups and selfemployment- 5000 (base value in 2006- 527; target in 2009 – 1200) (Measure 3.1);
- Number of working places where the risk assessment of the working environment has been made – 100 000 (base value - total number of working places in dangerous branches in 2006 - around 80 000, that will increase after changes in legislative acts; target in 2009 – 40 000) (Measure 3.1);
- Number of attracted highly qualified employees⁸⁵ in new created working places in enterprises– 280 (base value in 2006- 0; target in 2009 – 60) (Measure 3.1);
- Number of ESF supported health promotion measures for inhabitants in working age carried out – 90 (base value in 2006 – 0; target in 2009 – 30) (Measure 3.2);
- Number of ESF supported studies and surveys in health at work in relation to labour force carried out 40 (base value in 2006 – 0; target in 2009 – 15) (Measure 3.2);
- Number of ESF supported health care and health promotion professionals -32 880 (base value in 2006 -0; target in 2009 – 9 864) (Measure 3.2).

610. Results:

- Share of enterprises who trained their employees with the ESF support - 0,4% (base value in 2006- 0,3%; target in 2009- 0,35%) (Measure 3.1);
- Percentage of supported unemployed persons and job seekers entering employment at least 6 months after training – 40% (base value in 2005 – 36%, target in 2009 – 37%) (Measure 3.1);

⁸⁵ Highly qualified employees – both doctorate students and graduates, research personnel of academic institutions and institutes, as well as highly-qualified specialists from abroad able to develop specific technologies or new products in enterprises.

- Percentage of supported persons, who become self-employed or set up their own business 6 months after consulting and training – 25% (base value in 2004 – 0%, target in 2009 – 20%) (Measure 3.1);
- Reduction of disclosed irregularities with regard to labour legislation and safety at work in the enterprises inspected by the State Labour Inspectorate – 15% (base value in 2004 – 3,67 irregularities disclosed during one inspection, target in 2009 – reduction by 5%) (Measure 3.1);
- Number of enterprises where ESF supported health promotion measures are carried out / Number of employees supported by ESF health promotion measures – 600 / 60 000 (base value in 2005 – 0 / 0, target in 2009 – 200 / 20 000) (Measure 3.2);
- Percentage of studies and surveys financed by the ESF recommendation are implemented – 70 % (base value in 2005 – 0, target in 2009 – 70 %) (Measure 3.2);
- Percentage of appropriate (successfully completed recertification) educates health care professionals – 95 % (base value in 2005 – 65 %, target in 2009 – 80 %) (Measure 3.2).

Measure 3.1 “Employment”

Introduction

611. 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 (2005-2008) 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

612. 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

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

Table 19: Key Employment Indicators (EUROSTAT)

	LV					LV targets set in the policy documents		Reviewed LV targets according to the data of 2006		EU 25	EU targets	
	2002	2003	2004	2005	2006	2010*	2013**	2010	2013	2005	2005	2010
Employment rate (15-64)	60,4	61,8	62,3	63,3	66,3	67,0	68,0	68,0	70,0	63,8	67,0	70,0
Employment rate for women (15-64)	56,8	57,9	58,5	59,3	62,3	62,0	64,0	64,0	66,0	56,3	57,0	60,0
Employment rate for older workers (55-64)	41,7	44,1	47,9	49,5	53,3	50,0	52,0	54,0	55,0	42,5		50,0
Level of economic activity (15-64)	68,8	69,2	69,6	69,5	71,3	-	69,6		72,0	70,2		-
Unemployment rate (15-74)	12,2	10,5	10,4	8,9	6,8	<8,0	<7,0	6,0	5,5	8,7		-
Long-term unemployment rate (15-74)	5,7	4,3	4,3	4,1	2,5	3,8	3,5	2,3	2,0	3,9		-

Source: Eurostat,.

* *Targets set in the National Reform Programme for 2005-2008.*

** *Targets set in the National Development Plan 2007-2013*

614. 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 (67.6% in 2005) is one the lowest in the EU (in 2005 the EU-25 average – 71.3%).
615. 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 2006, there were 642.1 thousands of economically inactive people, 40.2% of them were pensioners, 30.1% - school or university students, 8.0% - housewives, 8.1% - long time ill or disabled people. Taking into account the unfavourable demographic trends and impact of migration, more attention should be paid to the involvement of economically inactive persons.
616. 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.
617. In order to address the above mentioned 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 being at risk of losing the job, 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.
- Forecasting of proper future labour market needs.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

List of Indicative Target Groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

618. The target groups of the measure are residents of the active age group, including the employed persons, being at risk of losing the job, self-employed, unemployed persons and job seekers, immigrants, 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Framework of Planning Documents

619. Latvia as a full-fledged Member State of the EU is involved in the implementation of EU's employment strategy. Objectives of the measure and activities are in line with the Council recommendation on the implementation of Member States' employment policies⁸⁶ prepared to ensure implementation of the European Employment strategy. Council recommendations point out activities for improvement of the adaptability of employees as well as specific activities to attract more people to the labour market. According to the Council Recommendation on the 2007 up-date of the broad guidelines for the economic policies, it is recommended to intensify efforts to increase labour supply and productivity by improving regional mobility, enhancing the responsiveness of education and training systems to labour market needs and putting in place a lifelong learning system.
620. Lisbon National Reform Programme of Latvia (LNPL) for 2005-2008 was developed in accordance with the Integrated Guidelines for Growth and Jobs (2005-2008) 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.
621. The measure will be implemented within the first thematic axis "Development and efficient use of human resources" of the NSRF by promoting upskilling and

⁸⁶ Strengthening the implementation of the European Employment Strategy, Commission of the European Communities, Brussels, 7.4.2004

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

622. 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.
623. 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.
624. 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.
625. 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 and demarcation

626. 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.

627. 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.
628. 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 educates, 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. Activity “Attraction of highly qualified employees” under the measure “Employment” will complement the measure “Development of Tertiary (Higher) Education”, in particular the activity “Aid to Doctor’s and Master’s study programmes”, as both of these activities are aimed at increasing availability of highly qualified employees.
629. 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”.
630. Measure’s first activity “Enhancement of the competitiveness of residents in working age, including retraining and active employment measures” is complementary to EFF priority Axis 3 “Measures of common interest” measure „Collective operational actions” activity “Promotion of partnership, co-operation and acquiring of skills” and to EAFRD measures : “Vocational training and information actions”, “Use of Farm and Forestry Advisory Services”, “Setting up of Management, Relief and Advisory Services”. In implementation of different measures demarcation will be ensured by supporting educational opportunities in different areas for each society group within the measure supported by ESF, with the exception for joint action projects for professional training in fishery (supported by EFF) and for vocational training in groups for agriculture, forestry and in agricultural production sectors and support and consultations to those occupied in agriculture, forestry and in agricultural production (supported by EAFRD). Unemployed will not be supported by EFF and EAFRD.
631. Measure’s activity “Support for self-employment and business start-ups” is complementary to EAFRD measures “Basic services for the economy and rural population” and “Support for creation and development of micro-enterprises”. The demarcation of funds will be ensured by supporting consultations of business start-ups by ESF, what will not be included in EAFRD measure which supports micro rural enterprises.

Compliance with the Horizontal Priorities

Balanced territorial development

632. 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, and priority will be given to the local governments with a higher level of unemployment. Specific project selection criteria will be used in the implementation of some activities thus supporting projects that include tools for balanced territorial development ensuring accessibility of services, especially, in the territories where the unemployment rate is high.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Macroeconomic stability

633. The activities of the measure "Employment" are not directly aimed at implementing the horizontal priority "Macroeconomic stability". Nevertheless, activities implemented within the measure will contribute to 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. The aim of this measure is to increase the economic potential.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Sustainable development

634. The activities of the measure "Employment" are not aimed at attaining the objectives of the horizontal priority "Sustainable development" as implementation of the activities does not have a direct impact to the environment..

Equal opportunities

635. In general, the measure will facilitate attainment of the objectives of the horizontal priority „Equal opportunities". 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

636. 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 and improving the ICT skills of the public service providers..

International competitiveness of Rīga

637. The measure “Employment” will ensure balanced development of country’s territories, therefore no support activities are planned specifically for Rīga. Activities will not have an impact on the international competitiveness of Riga..

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

638. Indicative activity 1.3.1.1. Enhancement of the competitiveness of residents in working age, including retraining and active employment measures.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

639. Indicative 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

640. The list of indicative target group of the activity: Employers, commercial entities, professional associations, residents in economically active age, including self-employed, unemployed persons and job seekers, immigrants.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

641. The list of indicative final beneficiaries: Enterprises, professional associations, institutions responsible for planning and carrying out labour market policies.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

642. Indicative activity 1.3.1.2. Support for self-employment and business start-ups.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

643. Indicative 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

644. The list of indicative target group of the activity: Residents in economically active age, including unemployed persons wishing to start entrepreneurship or self-employment.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

645. The list of indicative final beneficiary: The state-owned JSC “Mortgage and Land Bank of Latvia”.

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511 and on the 23rd of January 2009 with order No.46)

646. Indicative activity 1.3.1.3. Practical application of the legislation on labour relations, occupational safety and health, and improvement of supervision.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
647. Indicative objective: to promote application of the legislation on working relations and occupational safety 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, 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.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
648. The list of indicative target group of the activity: Employees and clients of the labour market protection institutions and institutions ensuring technical supervision of dangerous equipment, employers.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
649. The list of indicative final beneficiaries: Labour market institution implementing the state policy in the field of labour relation, labour safety and dangerous equipment technical monitoring; national employers' and free trade unions' associations.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
650. Indicative activity 1.3.1.4. Capacity reinforcement of labour market institutions.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
651. Indicative 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.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
652. The list of indicative target group of the activity: labour market-related institutions, their employees, residents in economically active age, employers.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
653. The list of indicative final beneficiaries: Labour market institutions, which carry out national policy at least in one of the following areas: prevention of unemployment, reduction of unemployment and support of the unemployed and job seekers; support of career development, providing career consulting services for the working age population, as well as developing methodological basis for career consulting.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

654. Indicative activity 1.3.1.5. Support for the implementation of regional action plans for promotion of employment.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
655. Indicative 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.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
656. The list of indicative target group of the activity: local and regional governments with a high level of unemployment.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
657. The list of indicative final beneficiaries: local and regional governments.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
658. Indicative activity 1.3.1.6. Promotion of gender equality in the labour market.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
659. Indicative 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.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
660. The list of indicative target group of the activity: residents of Latvia (in particular those in reproductive age), employers and professional organisations, social partners, public organisations, mass media, governmental institutions, local and regional governments.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
661. The list of indicative final beneficiaries: Institution, which according to legislative acts has been delegated a responsibility for policy elaboration in the field of gender equality, and coordination of implementation of such policy.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
662. Indicative activity 1.3.1.7. Forecasting short-term and long-term labour market demands and the development of a monitoring system.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
663. Indicative 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

664. The list of indicative target group of the activity: Education, employment and social inclusion policy makers and executors, social partners, current and potential employees.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

665. The list of indicative final beneficiaries: Institutions that according to the legislative acts have been delegated responsibility for elaboration and implementation of the employment policy or responsibility for establishment and maintenance of short-term and long-term forecasting system.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

666. Indicative activity 1.3.1.8. Support for seeking the best innovative solutions and for integrating the best practices in the labour market policies and implementation instruments.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

667. Indicative 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

668. The list of indicative target group of the activity: providers of labour market services and their users.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

669. The list of indicative final beneficiaries: Employment and social inclusion policy makers and executors.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

670. Indicative activity 1.3.1.9. Attraction of highly qualified employees.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

671. Indicative objective: to strengthen business competitiveness and promote research activities in enterprises by attracting qualified employees – both doctorate students and graduates, research personnel of academic institutions and institutes, as well as highly-

qualified specialists from abroad for the development of specific technologies or new products in enterprises.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

672. The list of indicative target group of the activity: Doctorate students, graduates, research personnel of academic institutions and institutes, as well as highly – qualified specialists from abroad.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

673. The list of indicative final beneficiaries: Enterprises.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Measure 3.2 “Health at Work”

Introduction

674. One of key preconditions for increasing and sustaining productivity of workers is improvement of health status of employees in work place. Poor health conditions for certain members of society may hamper their chances for sustaining and re-entering employment. To avoid the situation that health status undermine the objectives of employment policy the actions both for promoting health at workplace and improvement of health care system for workers should take place.
675. 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.
676. 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

677. The main objective of the measure is to increase adaptability of workers and foster more sustainable employment by improving the health status of employees in their work place as well as strengthen institutionally services in charge of providing healthcare services for the workers.

Justification of the Measure

678. In accordance with the objective of the measure it is necessary to ensure the enhancement of labour quality by improving the health status of workers. That is why it is necessary to improve the mechanisms for assessment and control of health status of workers in Latvia and to develop and introduce new programmes for promotion of health at work.
679. The general statistics of health status of people in working age in Latvia illustrates well main problems of health at work that are faced currently by most of employers. Health problems described below in more detail weaken productivity of employed and in certain cases even undermine their ability to sustain the job in long term.
680. In general, lifestyles in Latvia do not show tendency of choosing healthy food – for instance, only about 25.1% of Latvia’s inhabitants aged 16 to 64 use green goods in their everyday consumption and 15.7% of the inhabitants eat fruits and berries, milk with fat content above 4% is consumed by 39 % of Latvia’s inhabitants aged 16 to 64. In Latvia, 27.4% of the inhabitants have overweight problems, obesity is observed in 13.4% of the inhabitants. The proportion of those inhabitants who undertake physical exercise for at least 30 minutes at least 2-3 times a week accounts for 36.0% (FINBALT 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 inhabitants. 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 inhabitants (Yearbook of Health Care Statistics in Latvia in 2004).
681. The indicators of health and lifestyles of Latvia’s inhabitants are still among the worst in the EU (47% of men and 18% of women smoke in Latvia, 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 results on studies on the habits of teenagers show that there are lack of movement and unhealthy eating habits. The implementation of health promotion programmes will support education measures aimed at explaining the factors impacting health and health as a value.

682. According to the data of the Central Statistical Bureau of Latvia, in 2006 the average consumption of absolute alcohol (100% net) per 1 inhabitant at age over 15 years was 11.2 litres, which is equivalent to an increase of 1.0 litres per 1 inhabitant at age over 15. Incidence of alcohol psychoses is an important indicator revealing the trend of alcohol consumption in the country. There is also a close relation between alcohol consumption per inhabitant and the number of people who suffer from severe problems related to the consumption of alcohol (alcoholism, alcohol psychoses). Recorded incidence of alcohol psychoses in 2006 is 41.3 per 100 000 inhabitants; as compared to the previous year the indicator has increased (34.3 in 2005). In 2005, in the out-patient departments of the State Addiction Agency, 942 patients were for the first time diagnosed as suffering from alcohol psychoses, i.e. it is by 152 cases more than in 2005.
683. 352 patients with first-time diagnosis of addiction to drugs and psychotropic substances, intoxication with these substances and harmfully excessive use were registered in 2005 or 15.3 patients per 100 000 inhabitants. 174 patients were registered in 2005 with first-time diagnosis of addiction to drugs and psychotropic substances which makes 7.5 patients per 100 000 inhabitants (in 2003, the number was 143 or 6.1 per 100 000 inhabitants, in 2004 – 201 patients or 8.7 per 100 000 inhabitants).
684. There are no studies and surveys were made about addiction to gambling and addiction to computer games that is why there is a lack of statistic data on these problems. There is only statistic data from health care institutions about addiction to gambling and addiction to computer games now. In accordance with statistic data of Mental Health Government Agency in 2006 there are 96 patients were treated of addiction to gambling and addiction to computer games (in 2005 – 103 patients). There is a lot of gambling and computer games halls, also statistic data of Lotteries and Gambling Supervision Inspection reflect development of gambling business and increasing amount of gambling slot-machine. Mentioned indirectly shows that interest about gambling is extending in Latvia, however statistic data of health care institutions don't testify that. Due to addiction to gambling and addiction to computer games is not fully acknowledge it is necessary to carry out studies and surveys to acknowledge present situation and then if necessary to elaborate programme and implement it.
685. In accordance with Latvian occupational diseases register statistic data there is 4 147 recorded patients received first-time occupational disease diagnosis since 1993 till 2005 in Latvia (1 910 males and 2 237 females). There is also 9 817 occupational diseases recorded for 4 147 patients in Latvia for the same period (4 362 for males and 5 455 for females). Number of first time diagnosed and registered patients with occupational diseases and registered occupational diseases is increasing progressively since 1993 till 2004, but in 2005 it is recorded decrease of mentioned indicators. The number of patients received first-time occupational disease diagnosis in 2005 is 9.5 times greater than in 1993.
686. Currently, there are 3 332 persons infected with HIV and 394 AIDS patients in Latvia (data as of 31.12.2005, 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 299 new HIV-positive cases were diagnosed in 12 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).

687. Though the number of new HIV-positive cases has been reduced (in 2004 – 323 cases) when compared with the previous year (in 2003 – 403 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 to enter or to stay in the labour market. 294 registered new HIV-positive cases infected were inhabitants at working age in 2005.
688. In order to analyse the current situation and to enhance the efficiency of the measures planned, it is necessary to perform studies on health at work, and research on how does mental health, physical fitness and posture, physical loads affects employment and how the employment affects mental health, physical fitness and how employment affects posture and physical loads.
689. 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 20: Main Causes of Death in Latvia in 2004 by gender and by age, number of persons

Breakdown of the number of deaths by age:	Total number of deaths		With diagnosed:					
			Tumours		Circulatory system diseases		External causes	
	Men	Women	Men	Women	Men	Women	Men	Women
Total number of deaths	15 902	16 139	3 205	2 607	7 914	9 982	2 329	849
0 - 4	121	109	3	2	1	0	20	11
5 - 9	25	15	4	3	2	1	12	6
10 - 14	26	7	3	1	0	0	17	5
15 - 19	86	50	4	9	3	0	69	31
20 - 24	154	46	7	5	15	2	115	27
25 - 29	178	42	7	7	20	0	124	18
30 - 34	289	93	17	11	40	13	168	45
35 - 39	369	126	32	36	73	21	195	42
40 - 44	616	228	53	56	180	51	256	69
45 - 49	873	313	120	90	306	82	291	78
50 - 54	1 131	470	182	174	469	155	276	76
55 - 59	1 275	568	306	175	533	232	229	72
60 - 64	1 850	980	466	277	918	470	218	85
65 - 69	2 242	1 312	604	370	1 230	709	148	56
70 - 74	2 253	1 879	630	425	1 258	1 179	91	50
75 - 79	1 981	2 961	430	489	1 236	2 057	58	67
80 - 84	1 213	3 031	228	302	797	2 163	22	70
85 +	1 218	3 909	109	175	833	2 847	20	41
In economically active (working) age **	5 628	1 936	899	563	1 939	556	1 807	458

Source: Latvian State Agency of Health Statistics and Medical Technologies

** Men aged 15 to 62

** Women aged 15 to 60

690. In 2003 in Latvia total potential years of life lost were 7 749 per 100 000 inhabitants under 65 years of age: 11 305 years per 100 000 inhabitants for males and 4 386 years for females. In 2005 the main death causes for people aged 15 to 62 were external causes (259.9 per 100 000 males and 52.4 per 100 000 females), diseases of circulatory system (288.7 per 100 000 males and 76.4 per 100 000 females) and tumours (116.1 per 100 000 males and 75.6 per 100 000 females)
691. The number of hospitalized inhabitants who are at working age has decreased, mainly due to slight decrease of number of persons who have been hospitalized because of external cause (injury, poisoning or other external cause). External causes are the main hospitalization reason for working inhabitants: in 2005 2290 persons per 100 000 persons aged 15-62 - were hospitalized because of external cause which is slightly less than in 2004, 2 300 persons were hospitalized per 100 000 persons aged 15-62. Second reason for hospitalization among inhabitants at working age is mental diseases. Hospitalization rate of patients with mental disease has slightly increased from 2 080 cases per 100 000 inhabitants aged 15-62 in 2004 to 2 320 cases per 100 000 inhabitants aged 15-62.
692. Unsatisfactory working conditions for many years lead to a sharp increase of occupational disease rate in 2004. Despite the fact that the number of newly registered occupational diseases has decreased from 181 case per 100 000 employees in 2005 to 115 cases per 100 000 employees in 2006 the prevalence of occupational diseases is very high.
693. According to the statistics of the State Social Insurance Agency there are more and more in temporary sickness cases (longer than 14 days) every year in Latvia. In 2006 the total number of temporary sickness cases has increased from 157 130 cases in 2005 to 183 442 cases in 2006.
694. 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, control, monitoring and assessment of the health care and promotion processes.
695. 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.
696. Evaluating situation in health sector, there are acknowledged such specialities, where demand on personnel is the highest, for example: primary health care physicians and emergency medical assistance doctors. In accordance with Development Programme for Providers of Outpatients' and Hospital Health Care Services and Basic Guidelines for Development of Emergency Medical Assistance Service it is planned to unite hospitals, to create new places of practicing of primary health care physicians and to create new emergency medical assistance posts and teams, that's why it is necessary to improve management skills and professional skills of health care personnel (trainings, annual tests, qualification courses, increasing of qualifications before certification etc.).

697. According to the programme „Development of human resources in health care 2006-2015” prognoses in year 2013 there will be lack of 1259 doctors in Latvia, which could have a negative impact on quality of health care services to the inhabitants, including social risk groups. Presently there is an unbalanced regional distribution of health care personnel, the greatest number of doctors there is in Riga and Jurmala – more than 35.0 doctors on 10 000 inhabitants and the lowest 14.9 on 10 000 inhabitants in districts of Kraslava and Aizkraukle.

Indicative Target Group of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

698. The target group of the measure is employees, employers, personnel of healthcare institutions and and health promotion institutions of workers, social groups at risk of social exclusion.

Framework of Planning Documents

699. 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 status of Latvia’s population.
700. 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, and National Action plan for Social Inclusion and Social Protection stipulates to encourage cooperation in the health care area with the groups at risk of social exclusion, including HIV-positive persons.
701. 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 health status. The measure is in line with the aid area “Promotion of employment and productivity of labour” of the Operational Programme “Human Resources and Employment”.
702. The measure will be implemented in line with the Action Programme for 2004-2010 for the implementation of the Public Health Strategy (adopted by Cabinet Order No.150 of 9 March 2004), Guidelines “Healthy Nutrition 2003–2013” (adopted by Cabinet Order No.556 of 4 September 2003) and their implementation plan (adopted by Cabinet Order No.856 of 10 October 2004), by the Programme for Restriction of the Human Immunodeficiency Virus and AIDS for 2003-2007 (adopted by Cabinet Order No.733 of 27 November 2003) and Programme “Development of human recourses in health care in 2006-2015”, where it is acknowledged such specialities, where demand on personnel is the highest (adopted by Cabinet Order No.870 of 6 November 2006).

Previous Assistance

703. 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.
704. 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.

705. 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 and demarcation

706. Measure is linked with 1.5.measure “Health Care Infrastructure” of 3rd operational programme.To improve the health status of the workers, it is important to contribute both to the infrastructure and to development of health care human resources, prevention of diseases, more detailed studies and promotion of health at work. In this way development of health care infrastructure will be supplemented with measures of promotion of health at work, studies and surveys in health sector and development of health care and capacity building of health care professionals, thus supported complex development of health care sector.
707. Measure is directly linked with 3.1.measure “Employment” of 1st operational programme by providing of 3.1.measure objective achievement (increasing of employment level), by increasing health status of of inhabitants at working age and health at work. Measure 3.1. “Employment” and measure 3.2. “Health at Work” will be implemented in close cooperation between intermediate bodies..
708. Measure is linked with 4.1.measure “Social inclusion” of 1st operational programme by promoting involvement of the groups at risk of social exclusion due to health status in the labour market and the society.
709. Measure is linked with 1.2.measure “Development of Tertiary (Higher) Education” activity 1 “Support to Doctor’s and Master’s study programmes” by increasing number of educated, skilled people in medicine and 2.2.measure “Development of Lifelong Learning and Cooperation and Capacity Strengthening of Institutions responsible for Education and Lifelong Learning Policy” 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. Due to 3.2.3.activity “Enhancement of competencies, qualification and skills of health care and health promotion professionals” actions are directed to achievement of specific objective in health sector, there is avert risk of perfusion of financing.
710. Measure is linked with 5.priority “Administrative Capacity Building” of 1st operational programme, where it is planned to stimulate creation and implementation of public administrations’ political and social partners’ and nongovernment organizations’ cooperation politic.

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511)

Compliance with the Horizontal Priorities

Balanced territorial development

711. The measure will contribute aligning of health data between planning regions by improving health data in underdeveloped planning regions, also the measure will provide even placement of health promotion and health care specialists in all Latvia.

Macroeconomic stability

712. The measure's activities have preventive aims in order to improve labour force 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

713. The measure is aimed at Basic Guideline of Latvia Sustainable Development (2002) prescribed political objective – to decrease sickness rate, death rate and disablement, to prolong inhabitants life by increasing health status of inhabitants.
714. There is no planned huge investment in infrastructure in this measure that is why evaluation of measures' impacts on environment no necessary.

Equal opportunities

715. 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 labour force awareness of the importance of a healthy lifestyle leading to enhanced quality of life.
716. 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

717. 1.3.2.3. activity of this measure will indirectly improve ICT users skills in health sector.

International competitiveness of Rīga

718. The measure "Health at Work" 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.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

719. Indicative activity 1.3.2.1. Better Health at Work and Sustaining Employment.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
720. Indicative objective: To promote awareness about health at work as vital precondition for sustainable employment, thus, reducing the risk of disablement due to illnesses (occupational diseases etc). Support sustaining of employment or re-entry into employment for vulnerable groups (persons infected with HIV/AIDS, tuberculosis, type C viral hepatitis, alcoholic and drug abusers, etc.).
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

721. The list of indicative target groups: Employers, employees, social partners, social groups at risk of social exclusion, alcohol and drug abusers, infected persons with HIV/AIDS, tuberculosis, type C viral hepatitis.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

722. The list of indicative beneficiaries: Subordinated institution of the Ministry of Health that in response of health promotion, in cooperation with partners (municipalities, NGO, (including different employers organizations and professional associations: the Latvian Employers' Confederation and the Free Trade Union Confederation,) health care and health promotion institutions etc.).

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

723. Indicative activity 1.3.2.2. Studies and surveys in health at work.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

724. Indicative objective: To perform studies and surveys that are analysing relationship between health status at work, health status of inhabitants in working age and health services on one hand and the employment situation on other hand. Studies and surveys will be focused on health habits and health status of workers, its influence on productivity and probability of “dropping out” from labour market. It will also examine correlation between employment and timely illness detection, quality of human capital in healthcare institutions. For example: studies about influence of amount and duration of disability lists on labour market, survey of influence of unhealthy habits of labour force on labour market, studies about health care education programmes compliance with demands of labour force, surveys to investigate an addiction to gambling and to computer games as issue affecting the health of people at work and studies what measures are needed to remedy this issue in the working life, etc. The aim of the studies and surveys is to analyse present situation, to forecast situation in the next years and to elaborate new guidelines and programmes for improving the health of workers.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

725. The list of indicative target groups: Employers, employees, social groups at risk of social exclusion, including alcohol and drug abusers, and addicts to gambling and computer games, infected persons with HIV/AIDS, tuberculosis, type C viral hepatitis, their relatives and colleagues.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

726. The list of indicative beneficiaries : Subordinated institution of the Ministry of Health that identifies, evaluates and analyses health status of inhabitants, spread of infection and no infection illness, risk factors of inhabitants' health, identify health problems, in cooperation with partners (NGO (including different employers and professional organizations), health care and health promotion institutions, education institutions etc.)

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

727. Indicative activity 1.3.2.3. Enhancement of competencies, qualification and skills of health care and health promotion professionals.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

728. Indicative objective: To provide in health promotion and health care involved institutions' personnel training, enhancing qualification and skills and inclusion in labour market, to obtain quality health care services providing, diagnostic of illness, medical rehabilitation, preventive actions, sector administration of full value and to promote cooperation between health care institutions and employers.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

729. The list of indicative target groups: In health care and health promotion involved institutions' personnel.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

730. The list of indicative beneficiaries: Subordinated institution of the Ministry of Health that in response of such medical personnel lifelong education (improvements of specialisations and professional qualifications), that received high or professional medical education, in cooperation with partners (NGO, health care and health promotion institutions, education institutions etc.).

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Priority 4 “Promotion of Social Inclusion”

731. 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.

731.¹ The priority division into activities, including their description (the name of activity, the objective of activity, the target group of activity and final beneficiaries), is indicative. Latvia has a right to update the content of activities, adjusting it in the national level planning documents.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

SWOT Analysis

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

Strengths	Weaknesses
<ul style="list-style-type: none"> - The employment rate of women is above the EU average - Increasing number of social workers in local and regional governments - Development of social care services as alternatives to the services provides by State institutions 	<ul style="list-style-type: none"> - A high ratio of persons who are long term unemployed - A high unemployment rate among young people (15-24 years old) - Limited possibilities for reconciling work and family life - 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 - 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 - Insufficient amount and variety of professional rehabilitation services - Individual needs of patients with sicknesses that can cause functional disorders and disability are not assessed; respective technical and infrastructure equipment is not efficient. This delays supply of rehabilitation services to decrease

	disability risk.
Opportunities	Threats
- Labour reserves in the groups of economically inactive population	- Growing poverty and social exclusion may result in an increased number of children without a primary education - A substantial increase in the number of persons receiving social services and social assistance

733. 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

734. The priority is aimed at fighting the risks of poverty and social exclusion.

Measures of the Priority

735. 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 and demarcation

736. 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

737. Outputs:

- Number of social exclusion risk group persons (breakdown by age, gender, labour market status, vulnerable group) supported stimulating their economic activity– 14380 (base value in 2006- 3994⁸⁷; target in 2009 – 3749);
- Number of persons receiving ESF supported social rehabilitation services – 4500 (base value in 2006- 1657; target in 2009 – 740).

738. Results:

- Percentage of supported persons entering the labour market during 6 months after receiving support – 35% (base value in 2005 – 33%, target in 2009 – 34%);
- Number of persons that get involved into education, professional rehabilitation or employment 6 months after receiving ESF supported social rehabilitation services –

⁸⁷ 3828 persons were involved in the ESF supported motivation programmes, 166 persons were employed in the subsidized working places.

900 (base value is the potential number of persons that will receive ESF supported social rehabilitation services – 4500; target in 2009 – 111).

Measure 4.1 “Social Inclusion”

Introduction

739. 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.
740. 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.
741. 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.
742. National Report on Strategy for Social Protection and Social Inclusion 2006-2008 sets main tasks in the field of social inclusion, pension, health and long-term care.

Objective of the Measure

743. 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

744. In comparison to the EU-25 (16%) and the EU-15 (17%)⁸⁸, 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.
745. 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 and skills in context of labour market demands, large regional and urban-rural differences.
746. 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

⁸⁸ Data of Eurostat.

http://epp.eurostat.cec.eu.int/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=EU_MAIN_TREE&root=EU_MAIN_TREE/basic/strind/socohe/sc022

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 trafficking, persons with addiction problems, ethnic minorities.

747. 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 trafficking, partial families are mostly female representatives.
748. 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 2006: the disabled and long-term incapacitated persons – 52,1 thousand, householders/housewives 51,6 thousand, persons on child-care leave - 20,2 thousand, others – 66,9 thousand), that is 19,2% out of total number of economically inactive people or 123,9 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.
749. 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 researches 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.

List of Indicative Target Groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

750. 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, homeless persons.

Framework of Planning Documents

751. 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.
752. 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.
753. Basing on political priorities included in the JIM, the National Report on Strategy for Social Protection and Social Inclusion 2006-2008 was elaborated, continuing National Action Plan of Latvia on Eradication of Poverty and Social Exclusion 2004-2006. One of the tasks set in the policy document is to improve access for children and young people subjected to the risk of poverty and social exclusion to education and labour market services. 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.
754. 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"
755. 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, and contribute to their employment.

Previous Assistance

756. 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 and demarcation

757. 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)

758. 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

759. 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

760. The measure "Social Inclusion" is not directly aimed at implementation of horizontal priority "Macroeconomic Stability", however, activities will contribute to 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

761. Activities of the measure "Social Inclusion" are not aimed at attaining the objectives of the horizontal priority "Sustainable development" as implementation of the activities does not have a direct impact to the environment.

Equal opportunities

762. In general, the measure will facilitate attainment of the objectives of the horizontal priority „Equal opportunities". 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.
763. 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

764. 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 and improving ICT skills of public service providers.

International competitiveness of Rīga

765. Activities of the measure "Social Inclusion" will be introduced in all territory of Latvia, including Rīga, not having a direct effect on the international competitiveness of Rīga.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

766. Indicative activity 1.4.1.1. Stimulating economic activity of the population.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
767. Indicative 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.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
768. The list of indicative target group of the activity: Economically inactive persons and unemployed, especially persons in the age of 15-24 (including), which face difficulties to enter in the labour market, persons at risk of social exclusion.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
769. The list of indicative final beneficiaries: „Labour market institutions”, which in accordance with Support for Unemployed Persons and Persons Seeking Employment Law carry out national policy in the field of unemployment reduction and support to unemployed and job seekers, cooperate with public authorities and municipalities, associations and foundations, and also with physical and legal persons.
(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)
770. Indicative activity 1.4.1.2. Improvement of the working capacity evaluation system and the system of introducing social services.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
771. Indicative objective: Within the framework of this measure a risk to become disabled will be reduced to persons with threatened disability, the support system for the disabled will be improved, reducing a risk of their social exclusion. Social rehabilitation services will be developed in the regions to improve social and functional skills of vulnerable groups to strengthen the employment and social integration of the target group.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

772. The list of indicative target group of the activity: Disability examination institutions and their employees, providers of social and vocational rehabilitation services and their clients- disabled persons and persons at risk of disability, homeless persons and other vulnerable groups.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

773. The list of indicative final beneficiaries: Disability examination institutions, NGOs, municipalities, state institutions providing or coordinating social rehabilitation, planning regions, educational institutions.

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511 and on the 23rd of January 2009 with order No.46)

Priority 5 “Administrative Capacity Building”

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

- 774.¹ The priority division into activities, including their description (the name of activity, the objective of activity, the target group of activity and final beneficiaries), is indicative. Latvia has a right to update the content of activities, adjusting it in the national level planning documents.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Justification

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

Strengths	Weaknesses
<ul style="list-style-type: none"> - Advanced reforms have been introduced in many spheres of Public Administration - Political planning system has been established and works in the Public Administration - A dialogue between the state and municipalities has been improved and developed - Cooperation structures with social partners have been established on the state level. 	<ul style="list-style-type: none"> - Insufficient qualification of staff of the Public Administration - No single system for development of human resources and staff management has been introduced - Incompletely coordinated and inefficient system of continuing education for the staff of Public Administration - Quality management system has not been introduced - Incomplete tieback of policy

<ul style="list-style-type: none"> - Active work of non-governmental organisations in regions - Several e-commerce elements have been developed in the Public Administration - The status of the planning regions in public administration system is strengthened 	<p>development to long-term planning documents</p> <ul style="list-style-type: none"> - Insufficient public involvement in public administration processes - There is no all-inclusive information about population's satisfaction of public services - Management of planning regions and local governments has insufficient knowledge and skills of development planning - Social partnership is not sufficiently developed
Opportunities	Threat
<ul style="list-style-type: none"> - Transition to middle term state budget planning - Development of better regulation tools - Identifying initiatives and priorities of the EU in the field of public administration - Participation in cooperation networks of public administration of the EU countries - Exchange of experience with other countries and organisation in the field of public administration - Support of the EU and other cooperation partners to improve the performance of the Public Administration - Increasing importance of the planning regions in planning of state development and introduction of support activities 	<ul style="list-style-type: none"> - Outflow of public sector employees of to other sectors, countries - A slow progress of the administrative-territorial reform

776. Increasing an efficiency of national, regional and local level administration 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 administration.

Objective of the Priority

777. Aim of the priority is to improve the capacity of national, regional and local level administration, 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 national, regional and local level administration, social partners and nongovernmental organisations for development and introduction of a better, society's needs-oriented policy.

Description of Priority Measures

778. Three measures will be introduced within the framework of the priority. A measure "Better Regulation Policy" includes such priority fields as budget and finance policy, industry and service policy, policy for the development of entrepreneurship, regional policy, public administration policy, higher education and innovations, legal policy and social 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 national, regional and local level administration 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 "Capacity Building of Human Resources" not only institutions implementing public power will be improved but also human resources capacity of social partners and non-governmental organisations, thus contributing to application of modern methods for human resources management in public administration and enhancing the human resources management system in public administration, as well as improving cooperation among non-governmental organisations, social partners and public administration institutions. Under the third measure „Administrative Capacity Building and Development Planning of Planning regions and Local Governments" it is planned that the planning regions and local governments (cities, towns and amalgamated municipalities) would involve specialists in order to enhance their administrative capacity. Development planning capacities of the planning regions and local governments (cities, towns and amalgamated municipalities) will also be strengthened in order to ensure designing of high-quality development planning documents, Monitoring of implementation, mutual linkage and linkage with national-level planning documents, as well as formation and development of cooperation networks in Latvia. Under this measure a priority will be provision of support to those policy areas and public administration institutions which are related to delivery of public services.

The activities under this priority shall also include the so called flagship projects which are undertaken in close co-operation and in agreement with the European Commission. The projects will take place in the following indicative areas: (a) budgetary planning and managing public expenditure, (b) economic analysis, (c) structural reforms in the civil service and major public spending sectors like health, education, social security and employment policy, (d) social impact of structural reforms in major public spending sectors like health, social security and employment policy, (e) reform of remuneration system of public sector, (f) review of the decision making and administrative process.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Synergy and demarcation

779. The priority is related to the support provided by ERDF for development of ICT, especially for development of country's and municipality's e-service, as well as complements activities of the measure „Promoting Sustainable Development of Urban Environment and Urban Regions" planned in the framework the ERDF under which

Latvian cities and towns (Daugavpils, Jelgava, Jēkabpils, Liepāja, Rēzekne, Valmiera, Ventspils, Aizkraukle, Cēsis, Gulbene, Kuldīga, Līvāni, Madona, Saldus, Smiltene, Talsi, Rīga) would be granted financial aid for implementation of urban environment enhancement projects in order to promote competitiveness and attraction of these cities and towns. Activities under other priorities and measures for strengthening institutional capacities are essential pre-conditions for successful implementation of the measures of Priority 5. Along with capacity building activities performed under other priorities and measures related to specific needs of concrete institutions or to specific matters of one industry, these measure also envisage support to strengthening administrative capacities of public administration institutions in order to ensure fulfilment of their basic functions - development of policies, policy impact assessment, policy implementation by promoting active involvement of all stakeholders. Complementarity of support is ensured by defining priority policy areas and conditions for granting support under every specific measure. The undefined activities to be supported and aims of support in the framework of technical assistance and Priority 5 prevent overlapping of activities.

780. Priority's measure "Capacity Building of Human Resources" is complementary to EAFRD measure "Running the local action group, acquiring skills and animating the territory" and to EFF measure "Ensuring the operation of the LFAGs, acquiring of skills, activation of territories", thus ensuring mutually complemented support. Clearly defined target groups of the different measures ensure there will be no overlapping of beneficiaries of different activities.

Cross-financing

781. In order to ensure effective implementation of the priority and according to the principles of integrated development, potential beneficiaries will be given an opportunity to propose and implement projects and parts of projects that fall within the scope of the European Regional Development Fund, subject to the provisions of article 34(2) of the Regulation (EC) No. 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and the limitations imposed hereafter.
782. Within the Measure 5.1." Better Regulation Policy", the cross-financing amount will not exceed 0,13 million euros, or 0,6% of the ESF budget planned for the Measure. The cross-financing opportunity is given only to the potential beneficiaries implementing projects within Activity 1. Policy Impact Assessment and Conducting Policy Research.
783. Within the Measure 5.2." Capacity Building of Human Resources", the cross-financing amount will not exceed 0,07 million euros, or 0,5% of the ESF budget planned for the Measure. The cross-financing opportunity is given only to the potential beneficiaries implementing projects within Activity 1. Development of Human Resource Planning and Management System in Public.

Indicators

784. Outputs:
- Number of public administration employees, representatives of municipalities, social partners and NGO who completed training on better regulation tools, policy

planning and policy impact assessment methods provided – 6000 (base value in 2006 - 302, target in 2009 - 1856) (Measure 5.1)];

- Number of ESF supported institutions in implementation quality management system– 98 (base value in 2004 –3; target in 2009 - 48) (Measure 5.1);
- Percentage of public administration institutions and institutions funded from the state budget participating in the development of human resources planning and management IT system – 7% (base value in 2004 – 0%, target in 2009 –1%) (Measure 5.2);
- Establishment of regional structures of the Latvian Employers’ Confederation and the Free Trade Union Confederation – 10 (base value in 2004 – 0, target in 2009 - 0) (Measure 5.2);
- Number of supported non-governmental organisations – 200 or 2.6% of the total number of non-governmental organisations (base value in 2006 - 43 or 0.5%, target in 2009 – 49 or 0.64 %) (Measure 5.2).
- Number of attracted new specialists in the planning regions, cities/towns and amalgamated municipalities – 250 (base value in 2004 – 0; target in 2009 - 85) (Measure 5.3);
- Number of supported planning regions and local governments on development planning capacity building – 52% (base value in 2004 – 2%, target in 2009 - 15%) (Measure 5.3).

785. Results:

- Percentage of draft normative acts to which the regulatory impact assessment have been made from total number of normative acts approved in government during a year – 30% (base value in 2006 – 20%, target in 2009 – 23%) (Measure 5.1);
- An increase by 25% in the number of public administration institutions in which the quality management system is introduced - 91 (base value in 2006 – 73 institutions, target in 2009 - 80) (Measure 5.1);
- Percentage of public administration institutions and institutions funded from the state budget in which human resources planning and management IT systems are introduced – 100% (base value in 2004 – 20%, target in 2009 – 20 %) (Measure 5.2);
- Percentage of employees covered by collective agreements⁸⁹ - 21% of total number of employees (base value in 2004 –18%, target in 2009 – 19%) (Measure 5.2);
- Number of NGOs participating in implementation measures financed by the EU Structural Funds – 160 or 2% of the total number of non-governmental organisations (base value in 2006 – 141 or 1.8%, target in 2009 – 30 or 0.4%); (Measure 5.2).
- Number of planning regions and local governments ensured with strengthness of administrative capacity building - 90% (base value in 2004 – 0, target in 2009 – 25%) (Measure 5.3);
- Developed / updated development planning documents of planning regions and local governments (number) – 58 (base value in 2004 – 11, target in 2009 – 15);
- Number of planning regions and local governments involved in cooperation networks⁹⁰ aimed on development capacity building strengthness – 30% (base value in 2004 – 5%, target in 2009 – 10%) (Measure 5.3).

⁸⁹ A collective agreement is a type of agreement concluded between the employer and the labour union organization or delegated representatives of the employees in the case if there is no labour union organization.

⁹⁰ Cooperation networks – exchange of best praxes examples and information on experiences and know-how to sustainable development of planning regions and local governments in development planning process, providing

Measure 5.1 “Better Regulation Policy”

Introduction

786. Increasing the efficiency of public administration is an essential precondition for stable, sustainable and balanced development of society.
787. 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.
788. 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

789. 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 accessibility of public services to inhabitants.

Justification of the Measure

790. 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 Planning Guidelines¹ and the research carried out by the SIGMA experts² 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 organisation in the policy planning;
 - integration of systems of policy planning at national and regional level and territorial planning.
791. 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:

co-operation and partnerships, development planning guidelines elaboration and training with attracting appropriate experts.

¹ *Assessment of Implementation of Policy Planning Guidelines, 2005, Nikolo Group, State Chancellery.*

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)*

- 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, policy for the development of entrepreneurship, regional policy, public administration policy, higher education and innovation, social policy 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;
 - increase of operation quality and efficiency of public administration institutions through design of quality management system (QMS) and its implementation in public administration institutions; priority is given to those 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 level.
792. Studies⁹¹ show that less understanding of the policy planning system is observed among senior desk officers and specialists, and significant differences in such understanding can be found among various institutions or their structural units. A solution would be provision of methodology and training for all stakeholders involved in the policy planning process. The priority activities set forth in Lisbon National Reform Programme of Latvia are increased opportunities (availability) for education and training.
793. Generally, formal education of public administration employees is sufficient and corresponds to the professional needs. However, practical experience shows that high staff turnover and increased requirements have result in additional training needs in order to meet the actual needs and to accumulate capacity to act in the actual situation.
794. Further education and training of civil servants is ensured by the Latvian School of Public Administration subordinated to the State Chancellery. Studies and training take place in Rīga (82.6% of all courses)⁹² and in 10 regional study centres (17.4% of all courses). In 2006 the total number of participants amounted to 6998 civil servants. In view of the fact that the total number of civil servants is 28 000, courses are available only to every fourth or fifth civil servant. The courses provided by the LSPA are unavailable for social workers, employees of local governments and non-governmental organisations involved in the policy making process.
795. As the average timeline of the development and introduction of the LSPA courses goes back to 2002, they should be reviewed and updated, specific new courses are needed. In order to enhance competence of public administration employees with regard to use of the better regulation instruments and policy planning, the measure would also include support for: 1) enhancement of the education and further education system of public administration employees by covering a wider range of target groups – social partners, NGOs and local governments; 2) capacity building of the LSPA; 3) improvement of the contents of the courses and study methods.

List of Indicative Target Groups of the Measure

⁹¹ *Assessment of the Implementation of the Policy Planning Guidelines, 2005, Nikolo grupa, State Chancellery.*

⁹² Report of the Public Administration School on the Study Year 2004.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

796. 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, planning regions and amalgamated municipalities, NGOs and social partners, higher education establishments and further education establishments.

Framework of Planning Documents

797. 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.
798. The Communications from the European Commission Better Regulation for Growth and Jobs in the European Union and Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines 2007-2013 COM(2005) 0299 emphasise that increase of operation quality and efficiency of public administration is essential precondition in support of growth and jobs.
799. 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 the Development of the Policy Planning System;
 - Rules of Procedure of the Cabinet of Ministers;
 - State Administration Structure Law;
 - Administrative Process Law;
 - Lisbon National Reform Programme of Latvia 2005-2008;
 - Cabinet Regulation No 501 adopted on 4 December 2001 On Implementation of the Quality Management System in Public Administration Institutions and Cabinet Recommendations No 1 adopted on 11 December 2001 On Implementation of the Quality Management System in Public Administration Institutions.

Previous Assistance

800. The former support from 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.
801. In the EU structural funds programming period of 2004-2006 the total funding allocated for labour market studies accounted for 4 363 895 LVL.
802. 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 and demarcation

803. 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*.

804. Studies are envisaged both under Priority 1 and Priority 2 of the 1st OP. These studies will be aimed at seeking concrete solutions for problems of specific industries or target groups. Under Priority 5, support of the EU Structural Funds will be granted for performance of national-scale policy studies being significant both for the development of new policies and for the assessment of existing policies. The support of the Norway bilateral financial instrument is aimed at building research capacity and research at local and national level.
805. 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.
806. The measure will complement the activities under the OP „Infrastructure and Services” aimed at the development of e-services in order to increase involvement of residents in various social activities. The measure is related to Priority 6 „Technical Assistance” of the 1st OP „Human Resources and Employment” aimed at supporting the institutions involved in the administration of the Structural Funds in order to ensure their capacity to discharge the relevant functions. Support under Measure 5.1 „Better Regulation Policy” will be aimed at capacity building of public administration institutions in the area of policy planning and implementation.

Compliance with the Horizontal Priorities

Balanced Territorial Development

807. Balanced territorial development will be fostered within the activity *Increase of Quality and Efficiency of Public Institutions* through support to planning regions and amalgamated municipalities and their institutions. During selection of projects preference will be given to those local governments or their institutions which are located outside the Rīga region.

Macroeconomic Stability

808. Implementation of measure will ensure achievement of objectives of the horizontal priority *Macroeconomic Stability* for part of the ESF investment within the Measure 1.5.1. *Better Regulation Policy* 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Sustainable Development

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

Equal Opportunities

810. 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 increasing understanding and knowledge of inhabitants and entrepreneurs on public sector services and their possibilities.

Information Society

811. Implementation of the measure will foster attainment of objectives within the horizontal priority *Information Society* due to the fact that within the Measure 1.5.1. *Better Regulation Policy* 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

International Competitiveness of Rīga

812. The measure is not directly applicable.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

813. Indicative activity 1.5.1.1. Policy Impact Assessment and Conducting Policy Research.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
814. Indicative 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, policy for the development of entrepreneurship, regional policy, public administration policy, higher education, science and innovation, legal policy and social policy simultaneously ensuring the intersectoral coordination of process. To promote preparation and further education of specialists in line with the public administration needs.
(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)
815. The list of indicative target group of the activity: direct public administration institutions, courts, planning regions and amalgamated municipalities, social partners, NGO, higher education establishments and further education establishments.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

816. The list of indicative final beneficiaries: The State Chancellery, ministries, secretariats of Special Assignments Minister, planning regions.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

817. Indicative activity 1.5.1.2. Reduction of Administrative Barriers and Quality Improvement of Public Services.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

818. Indicative objective: to improve business environment and reduce administrative barriers to users of public services through increased accessibility and quality of basic services provided by public administration.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

819. The list of indicative target group of the activity: public direct administration institutions, courts, institutions that have been delegated to carry out particular tasks of state authority, planning regions and amalgamated municipalities and their institutions, public services users (inhabitants, NGO, interest groups business entities).

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

820. The list of indicative final beneficiaries: State Chancellery.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

821. Indicative activity 1.5.1.3. Increasing Operational Quality and Efficiency of Public Administration Institutions.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

822. Indicative 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

823. The list of indicative target group of the activity: direct public administration institutions, courts, institutions that have been delegated to carry out particular tasks of state authority, planning regions and amalgamated municipalities and their institutions.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

824. The list of indicative final beneficiaries: Direct public administration institutions, courts, institutions that have been delegated to carry out particular tasks of state authority, planning regions and amalgamated municipalities and their institutions.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Measure 5.2 “Capacity Building of Human Resources”

Introduction

825. Administrative capacity building is an essential precondition for stable and focussed development of national, regional and local level administration and social partners, ensuring more efficient development policies and achievement of objectives set by Latvia and the European Union.
826. 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.
827. 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

828. 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

829. 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.
830. 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 Community³:

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.

Austria, Finland, Greece, Ireland, Italy, Luxembourg and Spain. In Slovakia and Slovenia designing of such system has been initiated.

831. In order to ensure application of modern personnel management methods in public administration and to provide policy planning specialists reliable and up-to-date information on human resources in public administration (the number, vacancies, salaries, education, stud and training needs, the current and required level of competence, etc.), support under the measure will be granted for:
- The establishment of a common system of human resources development in public administration, for personnel management;
 - A competence approach in planning and management of human resources.
832. 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 employed⁴, in Latvia this indicator accounts for 30% and speaks of low capacity of interest representation.
833. Through promotion of establishment of new organisation, organisation of social partner could attract additional funding from membership fees that would allow these organisations 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 organisations, strategic planning and participation in state policy-making;
 - 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.
834. Out of more than 8000 non-governmental organisations registered in the state about 60% are active⁵. According to the information rendered by the Secretariat of Minister on Special Assignment in Society Integration Affairs (ĪUMSILS) at present representatives of non-governmental organisations participate in approximately 400 different work groups. Approximately 150 organisations follow the process of draft legislative acts discussion in meetings of secretaries of State, but assessment on draft legislative acts are rendered approximately by 20 of them yearly.
835. 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

⁴ Data of the European Foundation for the Improvement of Living and Working Conditions.

⁵ Research "Report on Non-Governmental Sector in Latvia, 2004", Soros Foundation Latvia, Kristīne Gaugere, Rīga 2005.

Europe⁶). Although the possibilities rendered by the European Social Fund have created favourable situation for activities of non-governmental organisations in the field of social matters and budgets of NGO have increased considerably (Approximately 41% of organisations in 1999 operated with budget that did not exceed 1000 LVL, but in 2003 only 23% of organisations are in this category), funding of NGO is still insufficient.

836. 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.
837. 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.
838. 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.

List of Indicative Target Groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

839. Measure target groups are direct public administration institutions, social partners, non-governmental organisations, planning regions, amalgamated municipalities and town municipalities.

Framework of Planning Documents

840. 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.
841. The Communications from the European Commission Better Regulation for Growth and Jobs in the European Union and Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines 2007-2013 COM(2005) 0299 emphasise that increase of operation quality and efficiency of public administration is essential precondition in support of growth and jobs.

⁶ *Development of Civil Society in Latvia 2002-2003, SMSAEGA.*

842. 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 Organisations. and the Cabinet of Ministers;
 - Policy Guidelines for Strengthening Civil Society 2005-2014 and State Programme Strengthening of Civil Society 2005-2009;
 - Guidelines for the Government Communication Policy.

Previous Assistance

843. The previous support of the EU structural funds was focused on strengthening both institutional and human resources capacity.
844. 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.
845. The total funding of the ESF co-finance grant scheme to capacity building of non-governmental organisations and municipalities in the period 2004-2006 accounted for 600 000 LVL.
846. 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 and demarcation

847. 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*.
848. 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.
849. The measure will complement the activities under the OP „Infrastructure and Services” aimed at the development of e-services in order to increase involvement of residents in various social activities. The measure is related to Priority 6 „Technical Assistance” of the 1st OP „Human Resources and Employment” aimed at supporting the institutions involved in the administration of the Structural Funds in order to ensure their capacity to discharge the relevant functions. Support under Measure 1.5.1 „Better Regulation Policy” will be aimed at capacity building of public administration institutions in the area of policy planning and implementation.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

850. Support for administrative capacity building of NGOs and municipalities 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

851. The measure is complementary to EAFRD measure “Running the local action group, acquiring skills and animating the territory” and to EFF measure “Ensuring the operation of the LFAGs, acquiring of skills, activation of territories”, thus ensuring mutually complemented support. Demarcation will be ensured by not supporting such a non-governmental organisations within the frames of the ESF measure, which are local action groups or local fisheries action groups (in accordance with COUNCIL REGULATION (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and COUNCIL REGULATION (EC) No 1198/2006 of 27 July 2006 on the European Fisheries Fund (EFF)) and which have been co-financed by EAFRD within the measure “Running the local action group, acquiring skills and animating the territory” or co-financed by EFF within the measure “Ensuring the operation of the LFAGs, acquiring of skills, activation of territories”

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Compliance with Horizontal Priorities

Balanced Territorial Development

852. No direct relation.

Macroeconomic Stability

853. No direct relation.

Sustainable Development

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

Equal Opportunities

855. Through implementation of activities within the measure, all organisation 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.

Information Society

856. 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 Measure 1.5.2. *Capacity Building of Human Resources* 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

857. 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.

International Competitiveness of Rīga

858. Is not directly applicable.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

859. Indicative activity 1.5.2.1. Development of Human Resource Planning and Management System in Public Administration.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

860. Indicative 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.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

861. The list of indicative target group of the activity: public administration institutions and institutions financed from the state budget.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

862. The list of indicative final beneficiaries: State Chancellery.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

863. Indicative activity 1.5.2.2. Capacity Building of Social Partners, Non-Governmental Organisations and Municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

864. Indicative objective: to promote development of regional social dialogue and increase participation possibilities of social partners in action policy designing and implementation at regional, national and international levels, to achieve active and

qualitative participation of non-governmental sector in decision-making process and provision of public services as well as to strengthen capacity of NGOs and local governments to implement the activities financed by the EU Structural Funds.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

865. The list of indicative target group of the activity: Free Trade Union Confederation of Latvia, Latvian Employers' Confederation, non-governmental organisations, planning regions, amalgamated municipalities and town municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

866. The list of indicative final beneficiaries: Free Trade Union Confederation of Latvia, Latvian Employers' Confederation, NGOs, planning regions, amalgamated municipalities and town municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Measure 5.3 “Administrative Capacity and Development Planning Capacity Building of Planning Regions and Local Governments”

Introduction

867. The measures implemented in 2006 to strengthen the status and role of planning regions in the process of development planning and implementation of development tools, create a challenge for the planning regions to become stronger partners to national level institutions in planning and implementing coordinated and sustainable development policies. At the same time the planning regions must provide for the coordination of development and operations planning of local governments in their territory, promoting common vision on the priorities of development of the region and constant implementation of these priorities.
868. According to the Law on Administrative Territorial Reform, the reform shall be implemented by 2009. Creation of new amalgamated municipalities (*novadi*) through amalgamation of several local level municipalities is a substantial challenge for the whole system of local governments, since as a result of the reform the politicians and administration of amalgamated municipalities must be able to administrate the territory of the municipality in line with the principles of good governance, providing for planned and efficient use of the development potential of these municipalities.
869. In the recent years the cities and towns emerge among other local governments as the driving force for the regions in Latvia, which play an important role in consolidating the surrounding rural territories. To promote an integrated perception of development of a town and the rural territory surrounding it, the urban – rural cooperation must be strengthened, thus creating new and strengthening existing functional links between the urban and rural territories.
870. Considering the aforementioned challenges for the regional and local level administration, it is important to ensure necessary support for strengthening the administrative capacity and development planning capacity of the planning regions and local governments, as well as strengthening the cooperation facilities, thus promoting the implementation of administrative territorial reform, the role of the planning regions and the polycentric development of the country.

Objective of the Measure

871. The objective of the measure is to strengthen the administrative capacity and the development planning capacity of planning regions and local governments – towns and amalgamated municipalities - and establishment and development of cooperation networks to facilitate their active involvement and representation in the policy-making and implementation process, improve the quality of adopted decisions and provide for higher quality of drafted development planning documents of the planning regions and local governments – towns and amalgamated municipalities, providing for their linkage with national level planning documents, as well as to initiate discussions on the development priorities and investment priorities of planning regions and local governments when establishing the cooperation networks among the planning regions and local governments.

Justification of the Measure

872. The Law on Regional Development adopted on 21 March 2002 and the Law on Territorial Planning adopted on 22 May 2002 stipulate that the planning regions and local governments shall draft the following development planning documents – development programmes and spatial plans for the planning regions and local governments.
873. The capacity of the employees in the planning regions and local governments for preparing development planning documents of appropriate quality is rather limited, considering the lack of planning specialists. A clear evidence of that is the fact that by the end of 2006 4 out of 5 planning regions had elaborated mid-term development planning documents and spatial plans for all the planning regions were being prepared. At the end of 2006 there were 251 out of 492 spatial plans of local governments being drafted, incl., spatial plans for 22 out of 35 amalgamated municipalities.
874. The development planning process at regional and local level is best described by the following problems: (1) low quality of elaborated development planning documents, as a result of which the process for approval of these documents is extended; (2) lack of integrated vision on territorial development determined by obstacles in cooperation among municipalities during the process of development planning; (3) lack of planning specialists as a result of which the number and quality of elaborated development planning documents is low; (4) poor inter-linkage of regional and local level development planning documents, as well as linkage to state development priorities defined at national level.
875. There is a shortage of qualified specialists in the area of development planning in Latvia. As it was indicated in the Human Development Report (2004/2005), the low administrative capacity of local governments is affected by the shortage of such specialists as lawyers, economists, financial experts, human resources experts and planning specialists.
876. As it was indicated in the Human Development Report (2004/2005), the low administrative capacity of local governments is affected by the shortage of particular specialists. This is evidenced by the index of performance capacity of local governments which is 47%.⁹³ The lack of resources for implementation of their direct functions and tasks is the main impeding factor preventing local governments to solve development issues.

List of Indicative Target Groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

877. The target groups of the measure are the planning regions, local governments - cities/town and amalgamated municipalities.

Framework of Planning Documents

878. The Communication from the European Commission Better Regulation for Growth and Jobs in the European Union and Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines 2007-2013 emphasizes the improvement of quality and efficiency of public administration as a significant aspect in the economic growth of the territories, promoting cooperation among territories.

⁹³ *Different Latvia: rural, amalgamated municipalities, cities and towns, districts, regions. Assessments, perspectives, visions, 2004, Latvian Statistical Institute, State Regional Development Agency.*

879. Policy planning documents at national level:

- Latvian National Development Plan 2007 – 2013 stipulates that it is necessary to complete the administrative territorial reform, creating capable local governments, achieving application of strategic management principles in local governments and planning regions and promoting involvement of local governments and regions in the social dialogue.
- The objective of the Lisbon National Reform Programme of Latvia 2005-2008 is to promote growth and employment in the country. One of the main tasks is determined to be introduction of strategic planning in public administration institutions, applying it also to administration at regional and local level. It is emphasized that implementation of the administrative territorial reform and promotion of cooperation are vital for attaining the goals set by the Lisbon Programme.
- The Regional Policy Guidelines set forth several directions for reaching the policy objectives and results, which determine the need for strengthening the operational and development planning capacity of the planning regions and local governments, as well as cooperation facilities:
 - to elaborate and implement mutually coordinated sectoral and regional policy;
 - to ensure distribution of funding from state aid programmes and EU Structural Funds among the planning regions in line with the content of the development programmes for the planning regions;
 - to establish cooperation mechanisms in the area of regional development;
 - to provide support to regional and local level institutions in building their capacity.

Previous Assistance

880. Within the framework of PHARE 2003 programme “External Border Initiatives in Latgale and Vidzeme Regions” the capacity of Latgale and Vidzeme planning regions was strengthened. PHARE funding: EUR 240.278.
881. Within the framework of PHARE 2003 national programme “Institutional Capacity Building in Regions” 5 projects were supported for the total PHARE funding of EUR 1.494.000, as a result of implementation of which actions plans for the programming period 2007 – 2013 were drafted in all planning regions.
882. Within the framework of INTERREG IIIC Latgale Regional Development Agency participated in the project “Best Practice Guidelines for Regional Development Strategies”. In this project seminars were organised for development planning and spatial planning specialists from the planning regions, local governments and public administration institutions, strengthening their skills in development planning. Total budget of the project comprised EUR 500.000.
883. Within the World Bank’s Latvian town programme the project “Towns and Urban areas – driving forces for national and regional growth” was implemented, where the development of 8 cities was analyzed and as a result integrated city development strategies were elaborated. Total budget of the project comprised USD 458.000.
884. In the period 2003 – 2006 five planning regions have received LVL 2.000.000 from the state budget for administrative capacity building.
885. In the period 2003 – 2006 earmarked subsidies were allocated from the state budget for elaboration of spatial plans of planning regions and local governments. Each planning

region received LVL 16.000 for elaboration of the spatial plan, totalling to LVL 80.000 for all regions. Meanwhile each local government received LVL 7.000 at least once for elaboration of the spatial plan.

Synergy and demarcation

886. The measure “Administrative Capacity and Development Planning Capacity Building of Planning Regions and Local Governments” complements the activities of the European Regional Development Fund measure “Support for Sustainable Urban Development” under the urban priority “Polycentric Development”, where a limited number of Latvian cities / towns (Rīga, Daugavpils, Jelgava, Jēkabpils, Liepāja, Rēzekne, Valmiera, Ventspils, Aizkraukle, Cēsis, Gulbene, Kuldīga, Līvāni, Madona, Saldus, Smiltene, Talsi) can apply for support to promoting their competitiveness and attractiveness. The urban development programs / strategies and investment plans that have to be developed in line with the requirements of integrated approach (complex solutions to problems of territorial development, complementarity with investments planned under other investments planned from EU Structural Found supported activities, promoting urban – rural interaction), identifying the priority investment projects, will serve as a precondition for receiving the support. To facilitate compliance to the aforementioned precondition in the framework of the measure “Administrative Capacity and Development Planning Capacity Building of Planning Regions and Local Governments” support will be provided for capacity building in preparing city development programs / strategies and investment plans according to requirements of on integrated approach.

.Compliance with Horizontal Priorities

Balanced Territorial Development

887. Implementation of the measure will have a direct impact on attaining the goals of the horizontal priority “Balanced Territorial Development”, providing the opportunity of administrative capacity and development planning capacity building in order to carry out the public administration functions, which are important preconditions for sustainable territorial development.
888. *(Deleted with the modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)*
889. *(Deleted with the modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)*

Macroeconomic Stability

890. The quality of the policy-development process, justification of the decisions adopted is the factors that have an impact on national and regional economic and social stability and development both at national and regional level. Therefore administrative capacity and development planning capacity building of planning regions and local governments as one of the aspects affecting the macroeconomic stability is of particular significance under this measure. A discussion will be facilitated on investment priorities and directions in the planning regions, thus creating preconditions for launching business activities and solving unemployment problems in the planning regions and local governments.

Sustainable Development

891. The measure is oriented towards strengthening administrative capacity and development planning capacity and creation and development of cooperation networks in Latvia, as a result of which qualified specialists will be attracted who will plan the development of administrative territories in line with principles of sustainable and integrated development.

Equal Opportunities

892. The activity is adding to the achievement of the goals of "Equal opportunity" horizontal priority. The standard of living of different social groups is expected to rise; problems that affect their well-being will be addressed by improving the quality of development planning documents of local and regional level, integrating sub-national planning documents in the system of national development planning, as well as facilitating the discussion on development priorities of local development and investment policy measure is indirect..

Information Society

893. Implementation of the measure will foster attainment of goals of this priority, since under activity 1 it is planned to attract IT specialists to ensure the administrative work of the planning regions and local governments and their inclusion in the future e-government system.

International Competitiveness of Riga

894. Not directly applicable.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

895. Indicative activity 1.5.3.1. Attracting Specialists to Planning Regions, Towns and Amalgamated Municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

896. Indicative objective: To strengthen the administrative capacity of the planning regions, cities/towns and amalgamated municipalities by fostering attraction of specialists to the institutions of regional and local administration required for efficient public administration.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

897. The list of indicative target group of the activity: planning regions, local governments – cities/towns and amalgamated municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

898. The list of indicative final beneficiaries: planning regions, local governments – cities/towns and amalgamated municipalities.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

899. Indicative activity 1.5.3.2. Development Planning Capacity Building of Planning Regions and Local Governments.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

900. Indicative objective: To strengthen the development planning capacity, including strategic planning capacity of the planning regions and local governments, and to establish and develop cooperation networks among groups of local governments and planning regions, aiming at higher quality in development planning process of the planning regions and local governments.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

901. The list of indicative target group of the activities: planning regions, local governments – cities/towns and amalgamated municipalities,

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

902. The list of indicative final beneficiaries: planning regions, local governments – cities/towns and amalgamated municipalities, Ministry of Regional Development and Local Governments and NGOs.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Priority 6 “Technical Assistance”

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

903.¹ The priority division into activities, including their description (the name of activity, the objective of activity, the target group of activity and final beneficiaries), is indicative. Latvia has a right to update the content of activities, adjusting it in the national level planning documents.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

Justification of the Priority

904. 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.

Strengths	Weaknesses
<ul style="list-style-type: none"> - An operational ESF management system has been developed for 2004 – 2006. - High levels of funding attracted to projects and satisfying progress of payments - High activity of project applicants - 	<ul style="list-style-type: none"> - The unwieldy nature of the ESF management system – lengthy appraisal of project applications, payment delays - Insufficient qualification of employees, inadequate number of highly qualified employees and extensive workload of qualified employees in institutions involved in the ESF management. - Poorly prepared projects, frequent changes in approved projects
Opportunities	Threats
<ul style="list-style-type: none"> - Growth of overall public administration capacity - Application of best practices, introduced in the management of ESF, to the management of other public financial resources 	<ul style="list-style-type: none"> - 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 - Staff turnover in institutions involved in the management of ESF - The effect of increased costs and other external factors on the implementation of ESF projects.

905. 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

906. The objective of the priority is to support effective and reliable management of the operational programme.

Measures of the Priority

907. One measure “Assistance 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, audit, monitoring, evaluation and implementation. This measure will also finance costs connected with support measures for programme management functions - implementation of training, seminars, information and publicity, consultations, evaluation implementation.

Synergy and demarcation

908. 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, as well as priorities of technical assistance co-financed by ERDF and CF.

Indicators

909. Outputs:
- The number of institutions receiving support – 16 (target in 2009 – 16).
910. Results:
- The successful judgement of the EU funds implementation among the inhabitants of Latvia – 42% (baseline of 2006 – 38%, target in 2009 – 40%).

Measure 6.1 “Assistance for the Management of the Operational Programme „Human Resources and Employment””

Introduction

911. For the successful absorption of the EU funds assets earmarked for Latvia, it is essential to increase the capacity of institutions involved under the management of EU 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 the EU funds.

Objective of the Measure

912. 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

913. 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.
914. 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.
915. 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.
916. 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.

List of Indicative Target Groups of the Measure

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

917. The target group of the measure is public administration institutions involved in the management, implementation, monitoring, evaluation and control of the OP “Human Resources and Employment”.

Framework of Programming Documents

918. According to the Article 46 of Council Regulations (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund 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

919. In 2004 – 2006 programming period, the public funding of 22.68 million EUR 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 and demarcation

920. 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 same OP. 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.
921. The measure is also complementary with the priority “Technical Assistance” under OP “Entrepreneurship and Innovations”, as well as the priorities of technical Assistance co-financed by ERDF and CF of OP “Infrastructure and Services”.

Compliance with Horizontal Priorities

Balanced Development of Territories

922. The measure does not concern this area.

Macroeconomic stability

923. The measure will have a favourable effect on macroeconomic stability. By co-financing the provision of EU Structural Fund management functions from the resources of EU funds complete and efficient absorption of EU funds is facilitated.

Sustainable development

924. The measure does not concern this area.

Equal opportunities

925. Implementation of the measure will facilitate achievement of the targets of the horizontal priority “Equal opportunities” indirectly. The measure will comprise support to the institution responsible for coordination the horizontal priority “Equal opportunities” (aspects of gender equality, disability and ageing) - the Ministry of Welfare which is competent to give opinion on draft programming documents and draft regulations in the field of the EU structural funds, to provide an input to annual reports on the implementation of the OPs, to provide information necessary for selection of the structural funds’ projects. Within the measure, projects will be implemented to provide training and consultations for institutions involved in the management, implementation, monitoring, evaluation and control of the structural funds, thus facilitating awareness rising on structural funds input to achievement the targets of the horizontal priority “Equal opportunities”. In all appropriate cases, specific project selection criteria will be proposed to promote implementation of the horizontal priority “Equal opportunities”. A representative of the Ministry of Welfare, as institution responsible for coordination the horizontal priority “Equal opportunities”, has been nominated to participate in the Monitoring Committee of the OPs. Evaluation of the implementation of the horizontal priorities is planned within the ongoing evaluation process.

Information society

926. 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

927. The measure does not concern this area.

Indicative activities

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

928. Indicative activity 1.6.1.1. Ensuring programme management and support.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

929. Indicative objective: Support the institutions involved in programme management in provision of programme management functions and direct programme management processes. Another objective of the activity is to assist the institutions involved in

programme management in providing the support functions through financing of various services. The activity will also support the regional information centres.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

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

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

931. The list of indicative final beneficiaries: Ministry of Finance as Managing Authority and Audit Authority, State Treasury as Paying Authority and Certifying Authority, Responsible Institutions and Cooperation Institutions for OP “Entrepreneurship and Innovations” activities, regional information centres of planning regions, Procurement Monitoring Bureau.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Declaration of Expenditures

932. The costs of the technical assistance activities common to several or all priorities of technical assistance of Operational Programmes (such the costs could be as follows: salaries, training, information and publicity, evaluations, monitoring system, Monitoring Committee and sub-committees, regional information centres, support to the implementation of the functions of Managing Authority, Paying Authority, Certifying Authority, Audit Authority, Procurement Monitoring Bureau) are allocated among the technical assistance priorities of Operational Programmes concerned on the basis of allocation criteria. The criteria is as follows: the proportion of financial volume of the technical assistance of the Operational Programme „Human Resources and Employment” versus the technical assistance volume of other technical assistance priorities of OP „Entrepreneurship and Innovations” and „Infrastructure and Services”.

933. The proportions of OP “Human Resources and Employment” vs other technical assistance priorities used for declaration of expenditures are as follows:

- vs OP „Entrepreneurship and Innovations” and OP „Infrastructure and Services” – 16.09%,
- vs OP „Entrepreneurship and Innovations” and ERDF co-financed technical assistance of OP „Infrastructure and Services” – 18.02%,
- vs OP „Entrepreneurship and Innovations” and CF co-financed technical assistance of OP „Infrastructure and Services” – 32.63%,
- vs OP „Infrastructure and Services” – 20.75%
- vs OP „Entrepreneurship and Innovations” – 41.72%,
- vs ERDF co-financed technical assistance of OP „Infrastructure and Services” – 24.09%,
- vs CF co-financed technical assistance of OP „Infrastructure and Services” – 59.97%.

934. The final beneficiary carries out the procurement procedure in order to contract the services, supplies and works considered to be horizontal for the OPs or funds. Payments

in framework of such procurements may be made by a single agreed body on the basis of a single invoice and as a block payment from a single account. The aggregated expenditure of a single final beneficiary that is common to several OPs or funds will be allocated among the OPs or funds on the basis of proportions mentioned above.

4. FINANCIAL PLAN

Table 21: Financing plan of the operational programme detailing the annual allocations of each fund in the operational programme

	Structural Funds (ESF) (1)	Cohesion Fund (2)	Total (3) = (1)+(2)
2007	60 319 858	0	60 319 858
2008	65 876 139	0	65 876 139
2009	71 878 635	0	71 878 635
2010	78 137 205	0	78 137 205
2011	84 624 222	0	84 624 222
2012	91 392 770	0	91 392 770
2013	98 424 888	0	98 424 888
Total 2007-2013	550 653 717	0	550 653 717

Table 22: Financial plan of the programming period detailing financial allocations from each fund, national co-finance and co-finance rate for priorities under the operational programme

	Community Funding (a)	National co- finance (b) (= (c) + (d))	Indicative breakdown of the national co-finance		Total funding (d) = (a)+(b)	Co-financing rate (e) ⁹⁴ = (a)/(d)	For information	
			Public funding (c)	Private funding (d)			EIB	Funding from other sources
Priority 1 "Higher Education and Science" (ESF)	116 688 957	20 592 169	20 273 418	318 751	137 281 126	85,00%		
Priority 2 "Education and Skills" (ESF)	126 793 811	22 375 375	22 200 625	174 750	149 169 186	85,00%		
Priority 3 "Promotion of Employment and Health at Work" (ESF)	204 205 057	45 166 351	25 292 365	19 873 986	249 371 408	81,89%		
Priority 4 "Promotion of Social Inclusion" (ESF)	58 191 784	10 269 138	10 269 138	0	68 460 922	85,00%		
Priority 5 "Administrative Capacity Building" (ESF)	26 493 391	4 675 292	4 430 292	245 000	31 168 683	85,00%		
Priority 6 "Technical Assistance" (ESF)	18 280 717	0	0	0	18 280 717	100,00%		
Total	550 653 717	103 078 325	82 465 838	20 612 487	653 732 042	84,23%		

(With modifications approved by the Cabinet of Ministers of Latvia on the 26th of August 2008 with order No.511 and on the 16th of July 2009 with order No.476)

⁹⁴ Co-financing rate defined on the basis of the total eligible expenditure (e)

Table 23: Indicative breakdown of the Community funding by category for Operational Programme 1 (Euro)

Dimension 1 Priority themes		Dimension 2 Type of funding		Dimension 3 Area	
Code*	Co-finance**	Code*	Co-finance**	Code*	Co-finance**
62	34 215 435	01	550 653 717	01	386 930 386
64	14 232 966			05	163 723 331
65	2 846 593				
66	83 974 497				
67	14 448 000				
68	28 465 931				
69	1 423 297				
71	42 287 634				
72	67 152 867				
73	61 352 349				
74	108 722 551				
80	4 269 890				
81	68 980 990				
85	13 710 538				
86	4 570 179				
Total	550 653 717	Total	550 653 717	Total	550 653 717

* Categories pursuant to the standard classification.

** Estimated amount of the Community funding.

(With modifications approved by the Cabinet of Ministers of Latvia on the 16th of July 2009 with order No.476)

5. ADMINISTRATIVE FRAMEWORK

935. 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.
936. The following institutions are involved in the management of Structural Funds and the Cohesion Fund:
- 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 Economy, Ministry of Education and Science, Ministry of Finance, Ministry of Welfare, Ministry of Health, Ministry of Regional Development and Local Government, State Chancellery, Ministry of Culture, Ministry of Transport, Ministry of the Environment) as Responsible Authorities according to their policy sectors,
 - the agencies (State Education Development Agency, Central Finance and Contracting Agency, Investment and Development Agency of Latvia, State Employment Agency, Society Integration Fund, Health Statistics and Medical Tehnologies State Agency, State Regional Development Agency), as Cooperation Authorities according to the scope of delegation of functions of Intermediate Bodies,
 - State Treasury as the Certifying Authority,
 - Ministry of Finance as the Auditing Authority.
937. Nevertheless the Ministry of Finance performs the functions of Managing Authority, Responsible Authority, Audit Authority and Responsible Institution, there will be ensured a clear separation of functions within the ministry. Also within the State Treasury there will be ensured a clear separation of functions of Paying Authority and Certifying Authority.
938. The Minister for Special Assignments for Administration of the European Union Funds are in charge of coordination of the EU structural funds and Cohesion Fund in Latvia.
939. The management of Structural Funds and the Cohesion Fund in Latvia is regulated by the Community Strategic Guidelines, Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, Regulation of the European Parliament and of the Council on the European Regional Development Fund, Regulation of the European Parliament and of the Council on the European Social Fund, the Council Regulation on establishing the

Cohesion Fund, the Commission Regulation laying down detailed rules on the Council Regulation on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, and Regulation of the European Parliament and of the Council on European Regional Development Fund.

940. 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. The Law of EU Structural Funds and Cohesion fund management (in force since 1 March 2007) stipulates the obligations and rights of institutions involved in the management of Structural Funds and the Cohesion Fund. The Managing Authority is also working on a number of secondary legislative acts – Cabinet of Ministers Regulations (CM Regulations).
941. The planning regions are involved in the implementation of the Structural Funds and the Cohesion Fund (*inter alia* in working groups drafting tender documents, 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.

5.1. Institutions Involved in the Management of Funds

Managing Authority

942. 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.
943. 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.
944. 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.
 - evaluate the information on irregularities disclosed and reported to the Managing Authority, inform the national contact point on the irregularities to be reported to the European Anti-Fraud Office and the European Commission and, if necessary, initiate or perform additional controls and audits of the EU funded operations or implementation systems; elaborates CM regulation to ensure the implementation of the provisions of the Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests,
 - The Ministry of Finance performs the functions of the Managing Authority.
945. In the framework of the "Regions for Economic Change" initiative the Managing Authority in cooperation with MRDLG commits itself to:
- Make the necessary arrangements to welcome⁹⁵ into the mainstream programming process innovative operations related to the results of the networks in which the region is involved;

⁹⁵ Create the channel to appropriate priority for financing.

- Allow in the Monitoring Committee (or programming committee) the presence of a representative (as an observer) of the network(s) where the Region⁹⁶ is involved, to report on the progress of the network's activities;
- Foresee a point in the agenda of the Monitoring Committee (or programming committee) at least once a year to take note of the network's activities and to discuss relevant suggestions for the mainstream programme concerned.
- Inform in the Annual Report on the implementation of the regional actions included in the "Regions for Economic Change" initiative."

Paying Authority

946. The Paying Authority carries out:

- payments to the Final Beneficiary;
- checks the payments and the advance payments received from the European Union;
- ensures that amounts wrongly paid and recovered are reimbursed to the account of the respective Fund,
- reimburses the amounts wrongly paid to the European Commission.

947. The State Treasury performs the functions of the Paying Authority.

Intermediate Bodies

948. The Intermediate Bodies represent a set of functions performed by a Responsible Body or the Responsible Body in conjunction with a Cooperation body.

949. 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.
- report to the Managing Authority on the irregularities disclosed on a quarterly basis and keep records on each irregularity disclosed,
- recover the amounts wrongly paid to the Final Beneficiary and account the irregular expenditures (recovered and recoverable).
-

950. Functions 1-4 may not be delegated and are performed by the Responsible Body itself, however, implementation of the functions 5-9 may be delegated to the Cooperation Body.

951. Other functions of the Intermediate Body, taking into consideration the scope of functions delegated to a Cooperation Body are the following:

⁹⁶ A Region can be a Region (NUTS 2) or a Member State (e.g. when no Regional level foreseen in the OP).

- 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.
952. In the OP “Human Resources and Employment”, functions of the Intermediate Body are performed by the Ministry of Education and Science, Ministry of Welfare, Ministry of Health, State Chancellery, Ministry of Economy, and Ministry of Regional Development and Local Governments as Responsible Bodies and State Education Development Agency, State Employment Agency, Latvian Investment and Development Agency, Society Integration Fund, Health Statistics and Medical Tehnologies State Agency as Cooperation Bodies.

Audit Authority

953. 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.
 - reports to the Managing Authority on the irregularities disclosed on a quarterly basis and keeps records on each irregularity disclosed.
954. The Ministry of Finance performs the functions of the Audit Authority.

Certifying Authority

955. 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.

956. The State Treasury performs the function of the Certifying Authority.

5.2.Partnership

957. Latvia acknowledge the partnership principle as one of the core principles in preparation and implementation of NSRF and OPs. Latvia' s objective was to involve all the relevant parties, including socio-economic partners, regional partners (planning regions, local municipalities and their associations) and respective NGOs in elaboration process of NSRF and OPs, thus ensuring the transparency and visibility of the process, as well as respecting the interests of partners and potential beneficiaries of the EU funds.
958. In implementing partnership principle during elaboration of the NSRF and OPs several instruments were used – such as involvement of partners (mostly industry associations, regional partners, municipalities) in elaboration of the respective description of OPs' priorities and measures, debate on NSRF and OPs in the meetings of 'shadow' Monitoring Committee, organization of public discussions on planning documents, publishing the draft NSRF and OPs on the web page already starting from the very early drafts of those documents.
959. By establishing the 'shadow' Monitoring Committee in November 2005, the priority was to ensure involvement of the partners in the discussion forum for NSRF and OPs. Thus, the participants from councils of planning regions, Association of Local Governments, Labours' Union, Employers' Confederation, as well as the respective NGOs were asked to nominate their representatives to participate in the 'shadow' Monitoring Committee. The meetings of the Committee, where the draft NSRF and OPs were discussed, took place on December 2, 2005 and June 2, 2006.
960. In order to ensure transparency of the elaboration process of planning documents and to provide an opportunity to become acquainted with the most recent draft of the documents starting from the middle of November 2005 all the draft documentation of NSRF and OPs was published on the EU funds web page www.esfondi.lv.
961. For each of the programming document a public discussion was organized. The discussions were launched for the partners and wider public by organizing the press conference. Within the framework of public discussions the documents were published on the EU funds web page www.esfondi.lv. All the interested organizations and individuals were asked to submit their comments. The discussions were concluded by the meetings of all the stakeholders, where the comments and proposals were discussed

with their authors. After that the agreed comments were incorporated into the documents. The Cabinet of Ministers was informed about those comments, where the common understanding was not reached during the discussions.

962. The public debate on the NSRF was launched on November 16, 2005 and continued till December 9, 2005 – in parallel with the official approximation of the NSRF. Within the framework of public discussions there were 358 comments received from more than 20 institutions (including development agencies of planning regions, local municipalities, NGOs, ect.). On January 10, 2006 the Ministry of Finance organized the meeting on the comments received during the public discussion, and, subsequently, 114 or 44.4% of all comments were agreed for incorporation into the NSRF.
963. In addition to that on January 25, 2006 the Ministry of Finance organised a round table discussion with the most active NGOs (European Movement – Latvia, Centre for Public Policy Providus, Latvian Adult Education Association, Latvian Green Movement) with regard to the non-agreed comments provided by the mentioned NGOs. Most of the discussion was focused on ESF issues. As a result of the public discussion on NSRF the focus from infrastructure to education and science and human resources was changed.
964. The public debate on three OP (“Human Resources and Employment”, “Entrepreneurship and Innovations”, “Infrastructure and Services”) was launched on May 16, 2006 – also in parallel with the official approximation of the OPs. Altogether during the public discussions 453 comments were received on OPs, and 240 or 53% of them were agreed for incorporation into the OPs.
965. Dynamics of the comments as per OP is as follows - 177 comments were received on the OP “Human Resources and Employment” (89 or 50.3% of them were agreed for incorporation into the OP), 102 comments were received on the OP “Entrepreneurship and Innovations” (46 or 45.1% of them were agreed for incorporation into the OP), and 174 comments were received on the OP “Infrastructure and Services” (105 or 60.3% of them were agreed for incorporation into the OP).
966. By assistance of Regional Structural Funds Information Centres five public discussions in five planning regions of Latvia about the OPs were organised. In addition to that the minister’s round table discussion with field experts of human resources, entrepreneurship, macroeconomics, infrastructure, regional development and EU funding issues was held on June 26, 2006. The discussion included the investment priorities as set by the EU funds planning documents for 2007-2013 and the discussion was covered by the internet policy portal www.politika.lv.
967. Finally on September 6, 2006 the Ministry of Finance organised an open discussion about the EU funds implementation issues in 2007-2013 with governmental, non-governmental, regional and social partners, as well as Structural Funds beneficiaries in current programming period where the system changes in 2007-2013 were introduced and discussed in several working groups.
968. Taking into account the aforementioned the partnership principle was ensured also during the negotiation process of the OPs - the negotiation delegation approved by the Cabinet of Ministers included representatives from socio-economic and regional partners, as well as from the NGOs.
969. The principle of partnership will be observed also during the implementation stage of the EU funds – involving the partners in elaboration of implementation documentation of the EU funds, organizing the public discussions of implementation provisions of the EU funds activities (project selection criteria, Cabinet of Ministers regulations on implementation of activities), involving of partners into the project appraisal commissions. Members from

planning regions, non-governmental (those working with such issues as environmental protection, equal opportunities, information society and others), economic and social partners will participate into the Monitoring Committee meetings. Thus, the principle of partnership will be ensured, as well as implemented the needs of planning regions taking into account the development traits and potential of each territory.

5.3.Implementation

970. 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 Structural Funds and the Cohesion Fund 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, with the exception of large-scale projects;
 - The lists of indicative final beneficiaries and the lists of indicative target groups of activity in the text of Operational programme in the points that determine final beneficiaries and target groups of activity are indicative. Particular final beneficiaries and target groups are defined in the planning documents and laws and regulations of national level.

(With modifications approved by the Cabinet of Ministers of Latvia on the 23rd of January 2009 with order No.46)

Project Selection

971. 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.
972. As regards the closed project selection 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.
973. 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.
974. 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

975. 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).
976. The Intermediate Body establishes a working group which develops an activity implementation scheme (3).

977. The Intermediate Body shall develop project selection criteria (4), which shall be submitted to the Managing Authority. The Managing Authority shall forward it to the MC for approval (5).
978. The Intermediate Body draws up a draft Cabinet of Ministers Regulation on the implementation of the specific activity (6).
979. 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 draft CM Regulation (7).
980. The Intermediate Body invites a closed group of potential tenderers to submit their project applications.
981. 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).
982. 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).

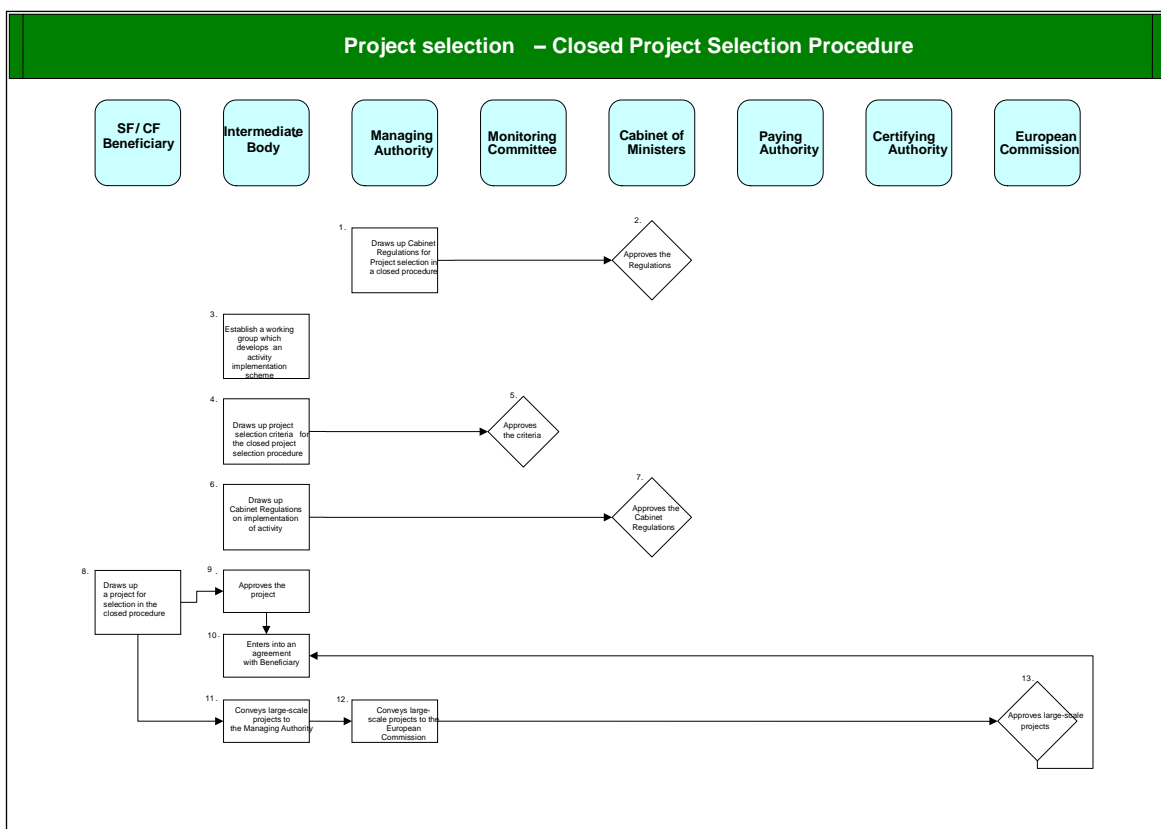


Figure 15: Project Selection Scheme for Closed Procedure

Open Calls for Project Applications

983. The Intermediate Body draws up draft Cabinet of Ministers Regulation on the implementation of activity (1).

984. 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).
985. 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).
986. After approval of the Cabinet of Ministers Regulation Intermediate Body announces an open call for applications (4).
987. 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.
988. The Intermediate Body enters into an agreement with the beneficiary on implementation of an open call project (8).

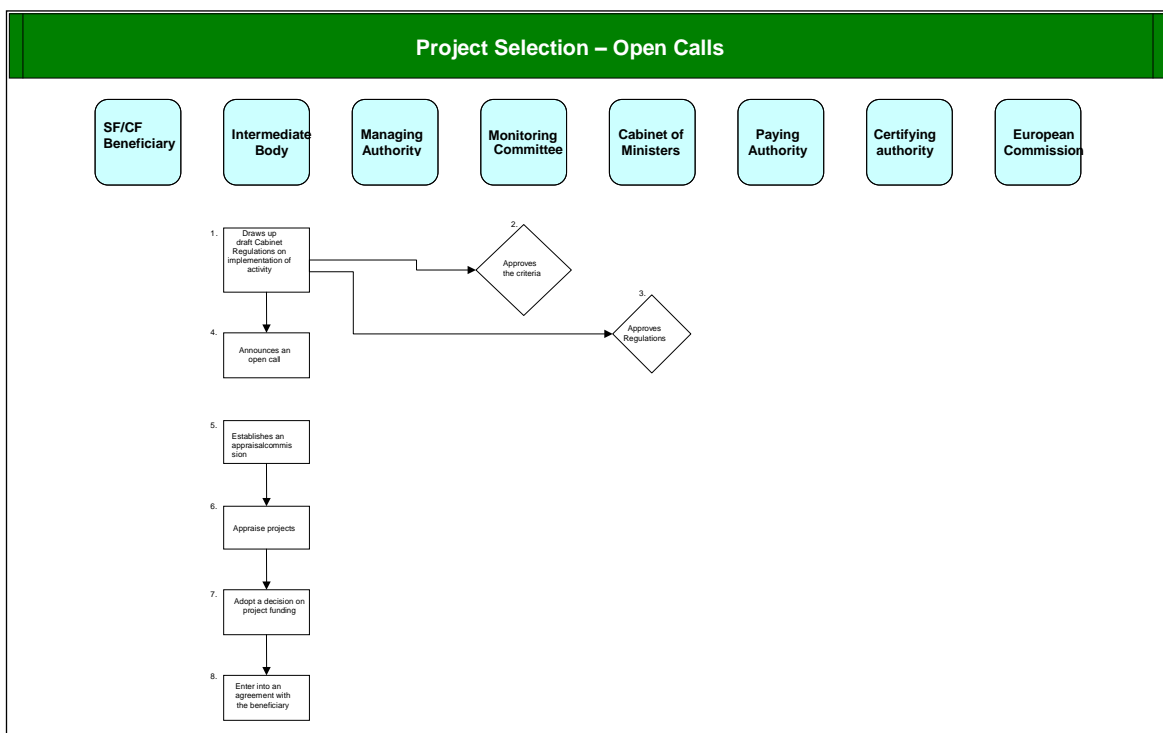


Figure 16: Project Selection Scheme for Selection at Open Calls for Project Applications

State Aid

989. Any public support under this programme must comply with the procedural and material State aid rules applicable at the point of time when the public support is granted.

Project Implementation

990. 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).

991. The Intermediate Body draws up a standard agreement (3), based on which it enters into an agreement with the beneficiary (4). The Managing Authority ensures that public contracts or concessions awarded, concerning projects benefiting from the assistance of the European Social Fund programmes comply with the provisions of Directives 2004/17/EC, 2004/18/EC, Regulation (EC) No 1564/2005 or the Treaty principles where applicable.
992. The beneficiary implements the project (5). The beneficiary carries out a procurement procedure and ensures the procurement process is in compliance with national legislation. The beneficiary enters into a contract with a contractor on works, supplies or services, and ensures operational monitoring of the implementation of projects in accordance with contracts concluded.

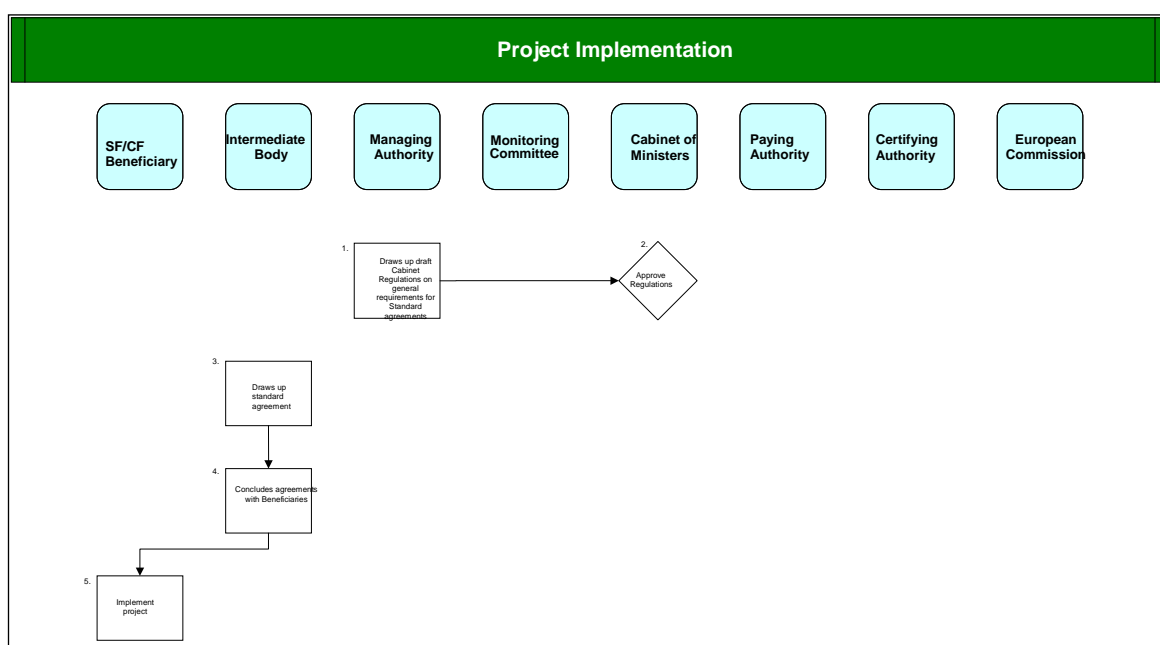


Figure 17: Scheme of Project Implementation

Payment Flow

993. The European Commission makes an advance payment (2), the Paying Authority accounts the advance payments (1).
994. 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).
995. The Beneficiary makes a payment to the Contractor (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).

996. 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 payment (10). The Intermediate Body sends the payment order to the Paying Authority (11). The Paying Authority makes a payment to the Beneficiary (12).
997. The Intermediate Body prepares a statement of expenditure and sends it to the Managing Authority for verification (13). The Managing Authority verifies the statement of expenditure and sends it to the Certifying Authority (14) which certifies the expenditures (15).
998. The Certifying Authority submits the statement of expenditure to the European Commission. The European Commission make a payment to the state budget (16). The Paying Authority accounts the received payments (17).

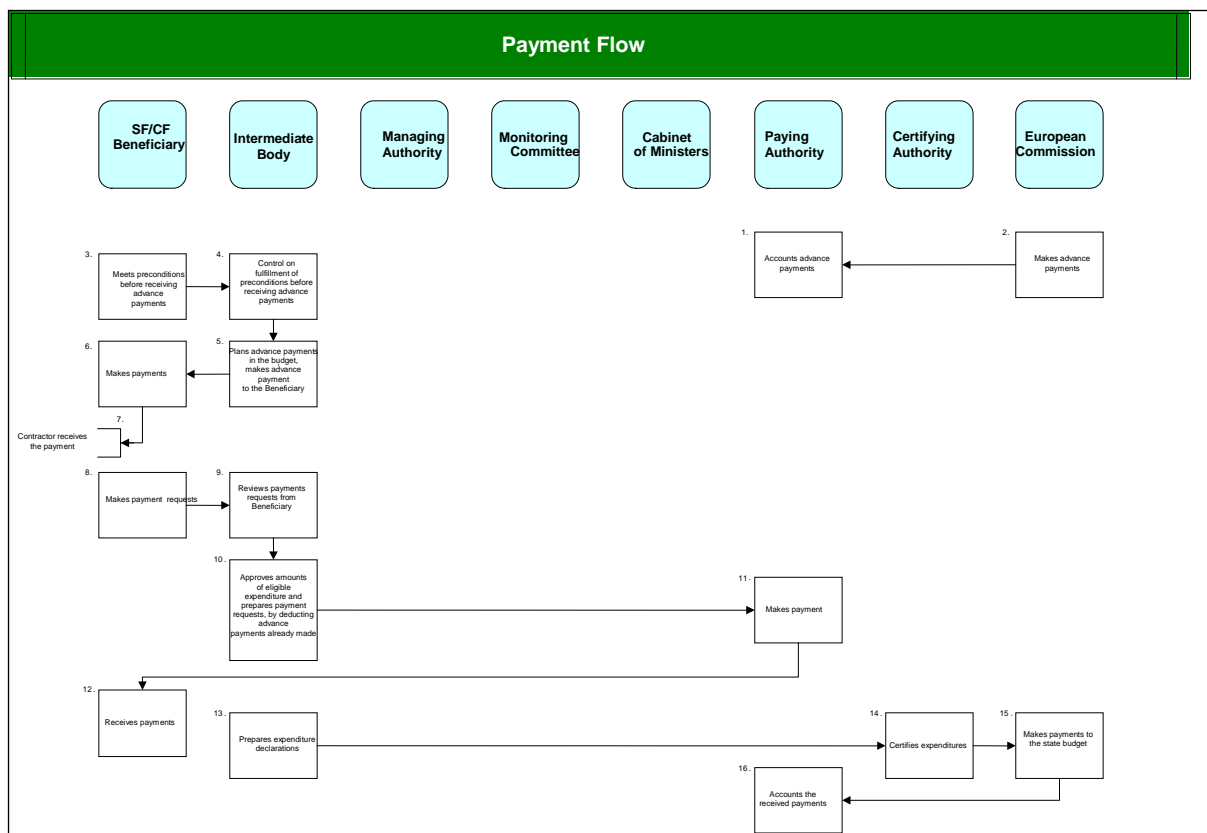


Figure 18: Scheme of Payment Flows

5.4. Monitoring

999. 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.
1000. 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.
1001. 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.

1002. 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

1003. 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.

1004. 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, and Certifying Authority. Members from planning regions, 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 and a representative of the Ministry of Welfare as body responsible for co-ordination of the horizontal priority "Equal opportunities". Members from the European Commission and international financial institutions also participate in the work of the Monitoring Committee.

1005. The Monitoring Committee may decide on establishing a sub-committee for a specific Fund.

1006. 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 evaluation plan.

Management Information System

1007. 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

till year 2008, 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.

1008. 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 collect output, result indicators and impacts and to generate output data;
- to carry out electronic information exchange with the Commission, carry out data processing by making different reports etc.

1009. The MIS is used to store information on financial indicators (invested and disbursed amounts), as well as implementation impact indicators (outputs, results and impacts). MIS will also contain data on control, audit measures, as well as financial corrections within operations. The MIS will contain information of breakdown of data on participants in ESF operations by priority.

Arrangement of the Monitoring Process

1010. 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).

1011. 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).

1012. 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).

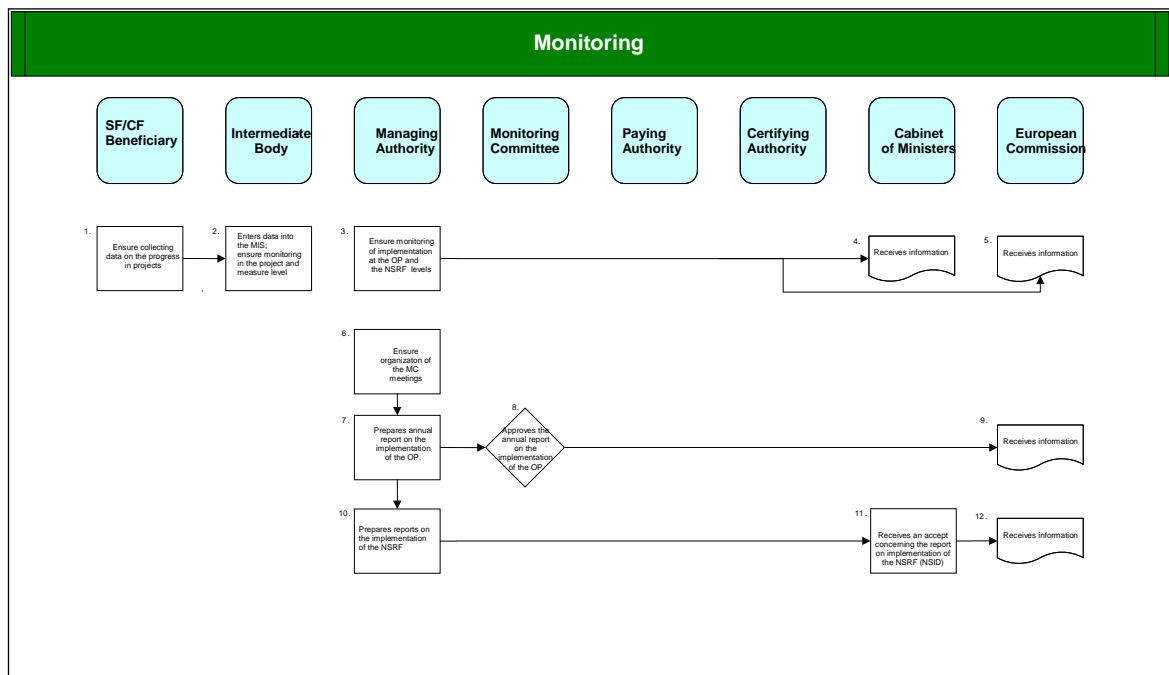


Figure 19: Monitoring Process

5.5. Evaluation

1013. In accordance to Article 47 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, and in accordance to the general practice the aim of an 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 country and regions concerned.
1014. There exist evaluations carried out before (ex-ante), after (ex-post) and during (thematic/ on-going) the programming period.
1015. Evaluations are carried out by independent experts.
1016. Evaluations are financed from the budget for technical assistance.
1017. The evaluation results are made public in accordance with the existing normative acts on the access to documentation. The Monitoring Committee is being informed about the results from the accomplished evaluations, as well as implementation status of recommendations suggested by evaluators.
1018. Managing Authority in collaboration with institutions involved in the EU funds management ensures the implementation of evaluation by establishing an inter-institutional working group that ensures a qualitative implementation of evaluations (functions of the working groups are laid down in its regulations) and that constitutes of delegated representatives from all institutions involved in EU Funds management.
1019. Managing Authority develops evaluation plan which in respect to evaluation issues contains indicative evaluation activities. Managing Authority in collaboration with inter-institutional working group ensures that significant conclusions and recommendations expressed by independent experts are reviewed and introduced in practice.

Ex-ante Evaluation

1020. Ex-ante evaluation is carried out under the responsibility of institution accountable for the development of programming documentation.
1021. The aim of the ex-ante evaluation is to ensure the development of qualitative EU funds programming documents 2007 – 2013 in conformity with EU and Latvian legislation, as well as in conformity with state development needs and EU and Latvian programming documents.
1022. In accordance to Article 48 of the aforementioned regulation the aim of the ex-ante evaluation is to optimize the allocation of budgetary resources under operational programmes and improve programming quality. Evaluation reports shall identify and appraise the disparities, gaps and potential for development, the goals to be achieved, the results expected, the quantified targets, the coherence, if necessary, of the strategy proposed for the region, the Community value-added, the extent to which the Community's priorities have been taken into account, the lessons drawn from previous programming and the quality of the procedures for implementation, monitoring, evaluation and financial management.
1023. Ex-ante evaluation happens in parallel with development of the EU funds programming documents. During the evaluation independent experts provides the developers of the programming documents with an evaluation and recommendations on the elaboration of documents, they also participates in the discussions with European Commission representatives on the validation of programming documents.
1024. Within the strategic environmental impact assessment being a part of the ex-ante evaluation process an analysis of the EU and Latvian environmental policy documents and normative acts is performed, activities foreseen in the programming documents are analyzed from the environmental protection and sustainable development perspective, the probable environmental impact if programming documents are implemented is assessed, possible alternatives if proposed are being analyzed, as well as the recommendations to reduce the environmental impact of activities foreseen in the programming documents and to facilitate sustainable development are provided.
1025. The detailed description of the ex-ante evaluation and SEA of the EU funds programming documents is available in chapter on ex-ante evaluation process.

Ex-post Evaluation

1026. In accordance to Article 49 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999, the European Commission in close cooperation with the Member State and Managing Authority carries out and completes the ex-post evaluation by 31 December 2015.
1027. Ex-post evaluation covers all the operational programmes under each objective and examines the extent to which resources were used, the effectiveness and efficiency of Fund programming and the socio-economic impact, draws conclusions for the policy on economic and social cohesion. The factors contributing to the success or failure of the implementation of operational programmes and the good practice is identified.

Strategic and Operational Evaluation

1028. The aforementioned regulation foresees the evaluations of a strategic nature in order to examine the evolution of a programme or group of programmes in relation to

Community and national priorities, and of an operational nature in order to support the monitoring of an operational programme.

1029. Evaluation can be organized according to themes, policy fields, priority axis, of a part of or the whole programming document; there can be joint evaluations on several EU Funds related issues and other evaluations on a specific policy field covering several sources of financing, not only the EU Funds.
1030. In cases when amendments or changes are needed in the programming documents an evaluation effort is provided.
1031. Among evaluation implementation both horizontal policy impact and programme impact, inter alia, values of context indicators and impact indicators of NSRF, values of outcome and result indicators of OPs, is to be assessed.
1032. Justification of evaluation of operational nature is, for instance, a deviation of 25% from the annual target value that is set out proportionally distributing the annual 2009 and 2013 target values over years, bearing in mind the inception date of the respective activity and the respective indicator. In case of deviation of 25% the Monitoring Committee and the inter-institutional working group is notified that reviews the existing situation and makes decision on the inception of operational evaluation. Monitoring Committee and the inter-institutional working group can make a decision on the strategic and operational evaluation based on other reasons.
1033. Other sources of information that would serve as an initiative for evaluation effort are, for instance, when Intermediate Body analyses problems encountered throughout implementation of the Funds and provides suggestions to the Managing Authority on improvements of the implementation of SF/CF projects.
1034. Evaluation is concluded within the programming period in order to secure a possibility for the Managing Authority to take measures for improvement of operational programmes or to acquire useful conclusions for the preparation of next programming period.

Arrangement of the Evaluation

1035. The Managing Authority organises the ex ante evaluation of the OP (1) and use its results for improving the OP.
1036. 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 evaluation (2). The Managing Authority reviews and collects the evaluation themes received from Intermediate Bodies, if necessary identifies additional evaluation themes, and draws up an Evaluation plan (3) according to which the thematic evaluation is organised. It is an Evaluation plan for the whole programming period with its annex containing information on themes and finances updated annually. The Managing Authority organises thematic evaluation (4) and, after receiving evaluation results, informs the OP Monitoring Committee (5) and the European Commission (6).
1037. With assistance from the Managing Authority, the European Commission organises the ex post evaluation of the OP (7), the results of which are conveyed to the Monitoring Committee of Operational Programmes and the Cabinet of Ministers (8,9).
1038. The Managing Authority shall ensure data storage on the evaluations carried out and their results (10).

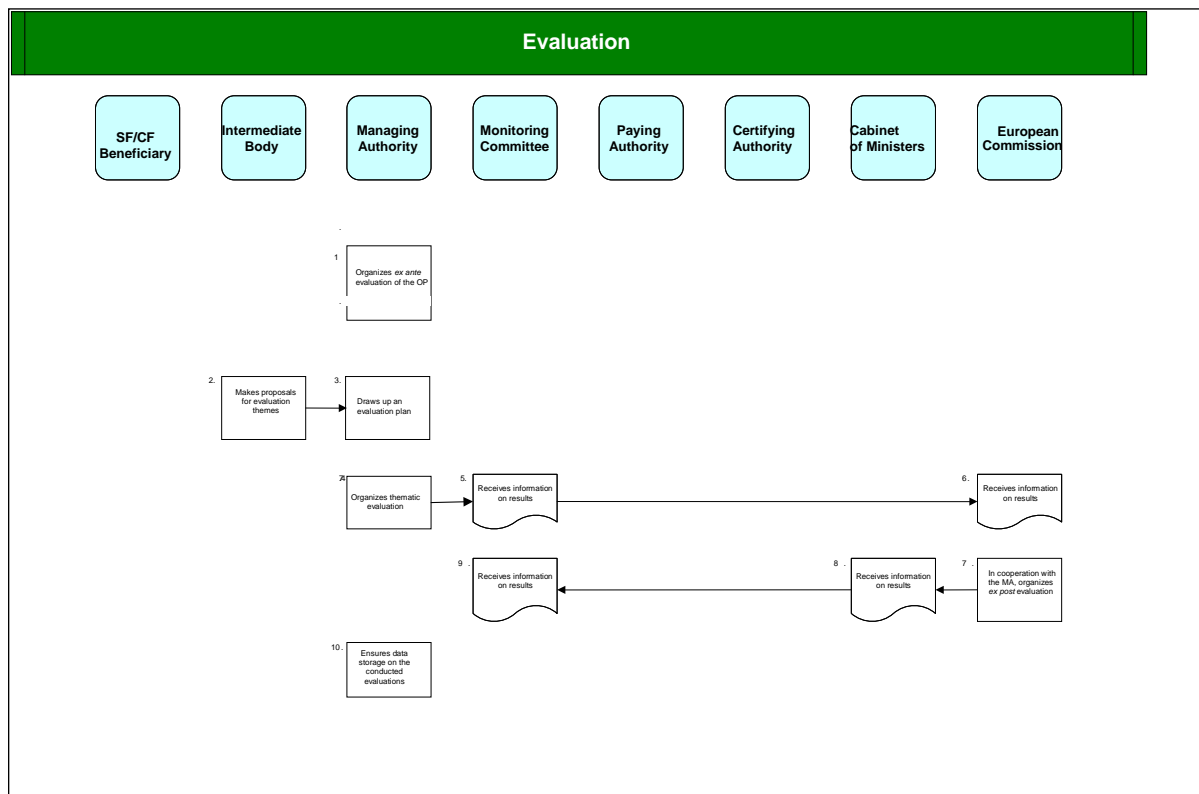


Figure 20: Evaluation Scheme

5.6. Controls

Controls of the Eligibility of Expenditure and Audits of Eligibility and Efficiency of the Systems

1039. 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).

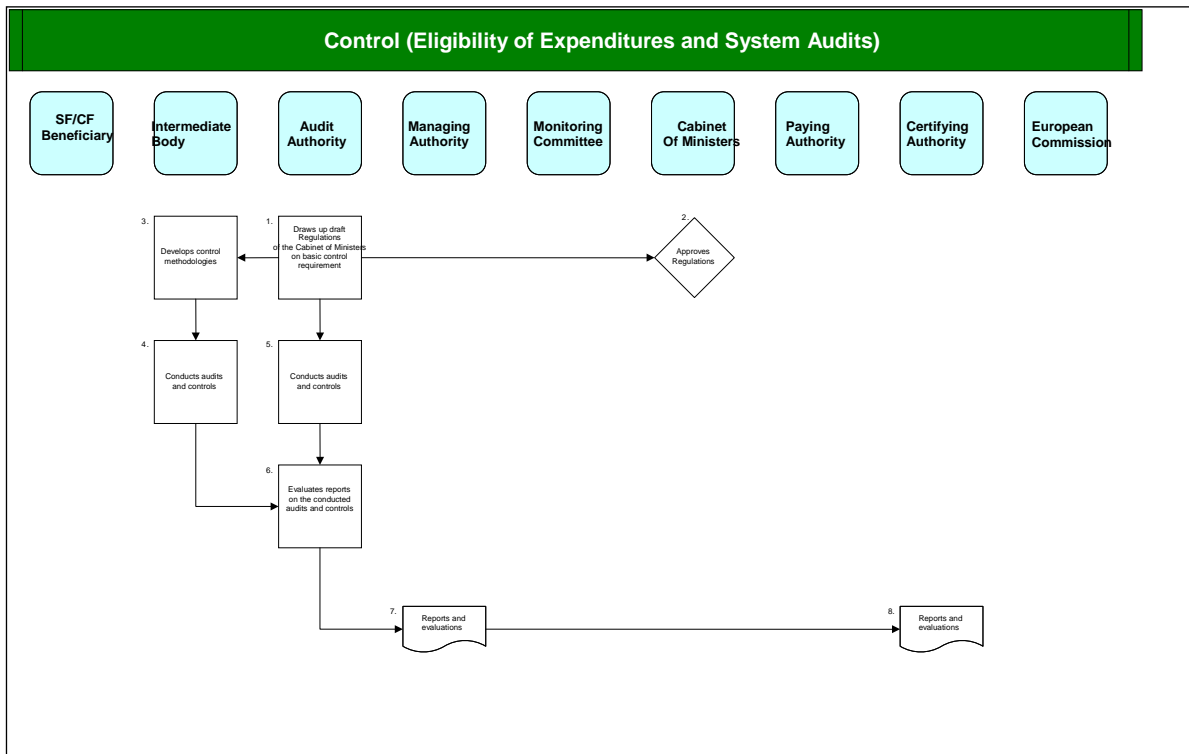


Figure 21: Chart on Controls of the Eligibility of Expenditure and Audits of Eligibility and Efficiency of the Systems

On-the-Spot Checks

1040. 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).

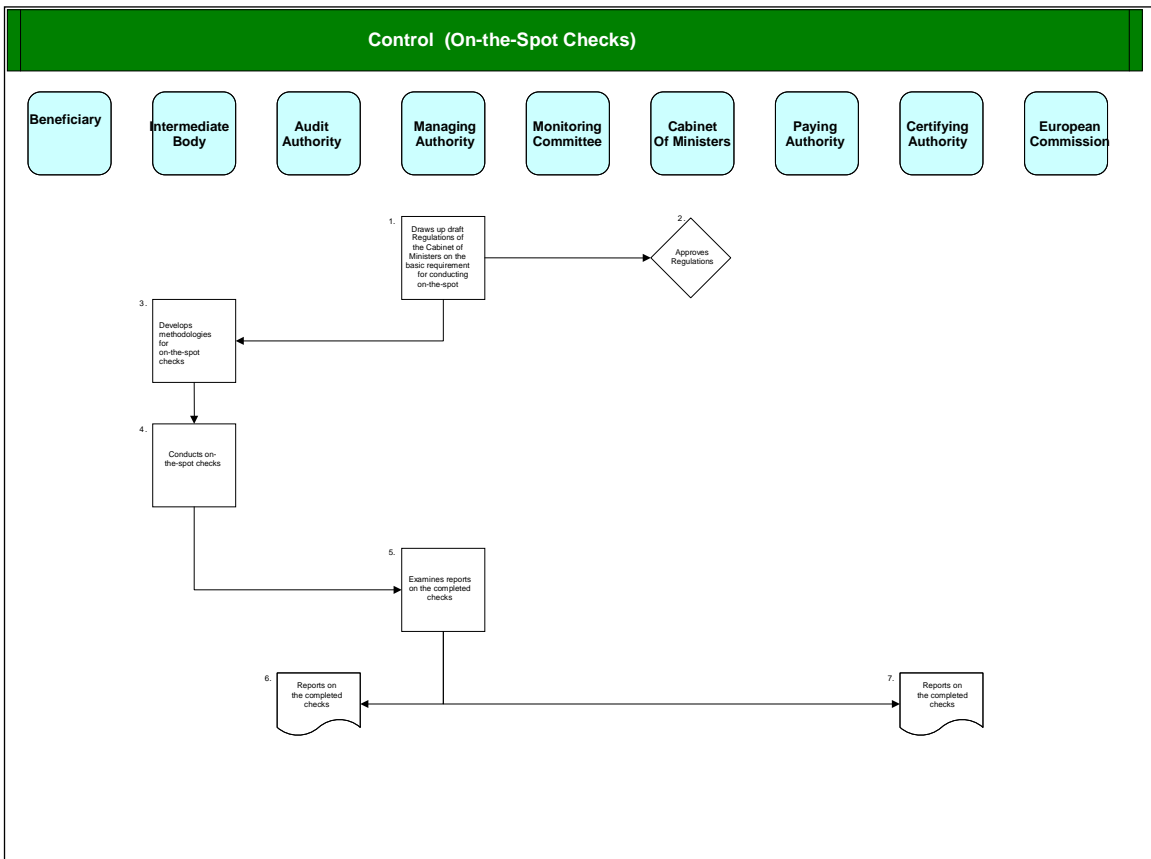


Figure 22: On-the-spot Check Scheme

Annual Report on the Implementation and Control System

1041. 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).

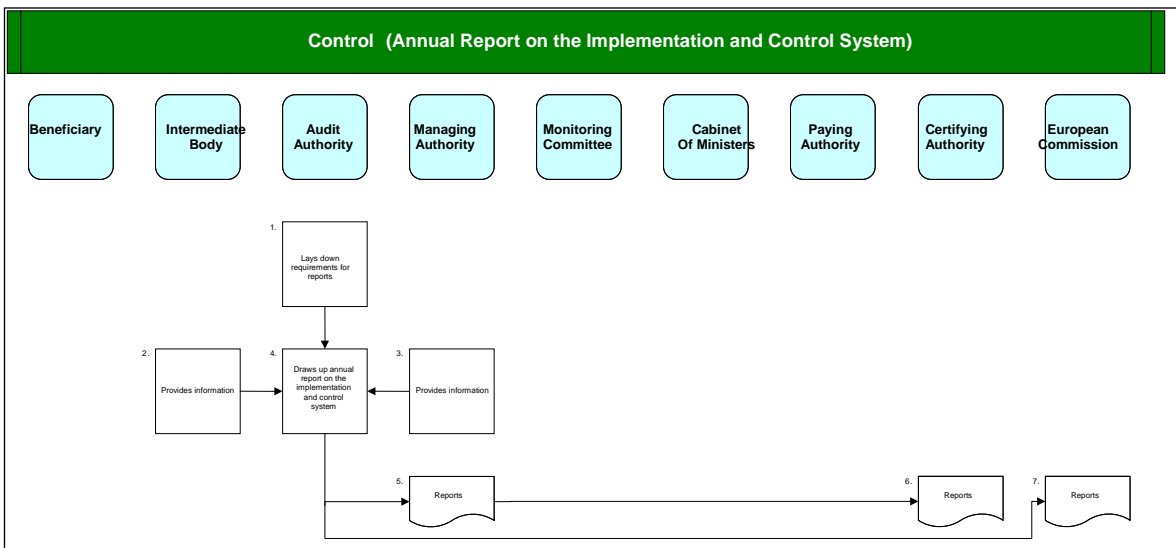


Figure 23: Annual Report on the Implementation and Controls System Audit of the Description of the Management and Control System

1042. 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).

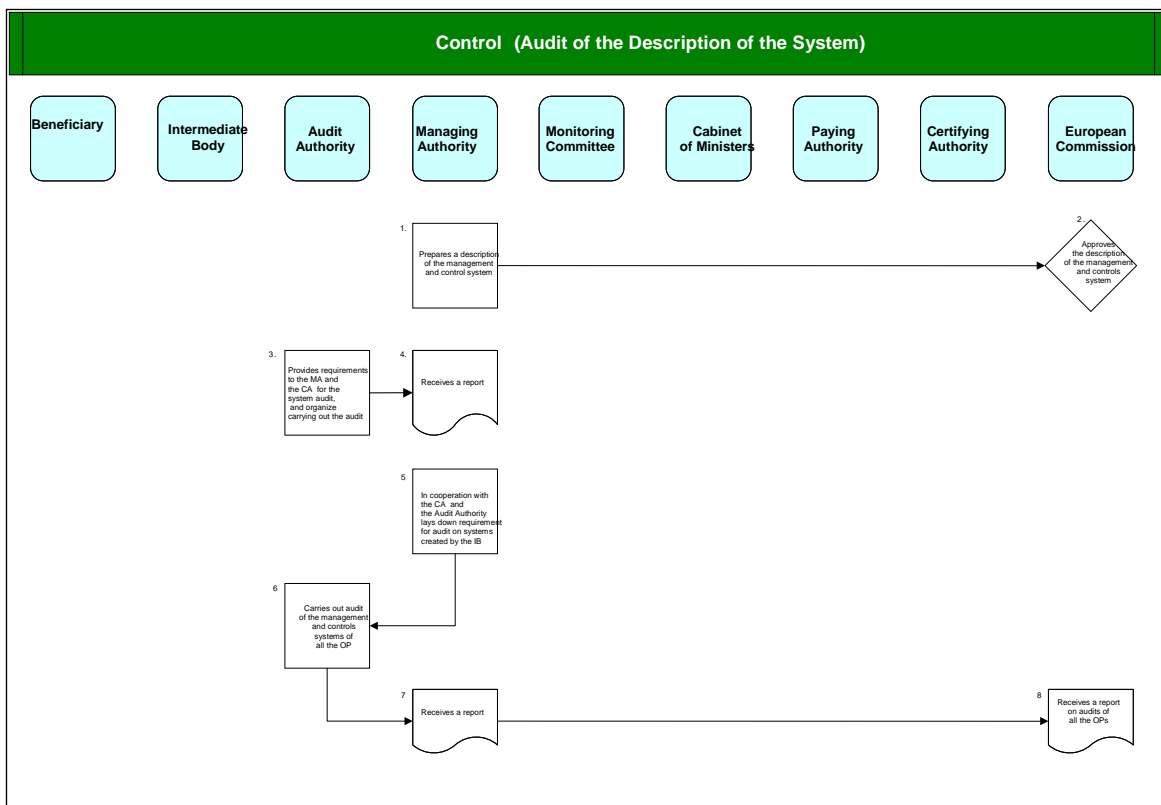


Figure 24: System Description Audit Scheme

5.7. Information and Publicity

1043. 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, the EU Funds Communication Strategy for 2007-2015 is drafted. The strategy lays down communication objectives and tasks for the given time period, the division of responsibilities and communication competences among the institutions involved in the management of EU Funds, as well as the necessary activities for carrying out the communication tasks. The Strategy includes publicity plan for EU funds project application and implementation period and evaluation of the communication efficiency after closure of the Operational Programmes.

1044. The EU Funds Managing Authority 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

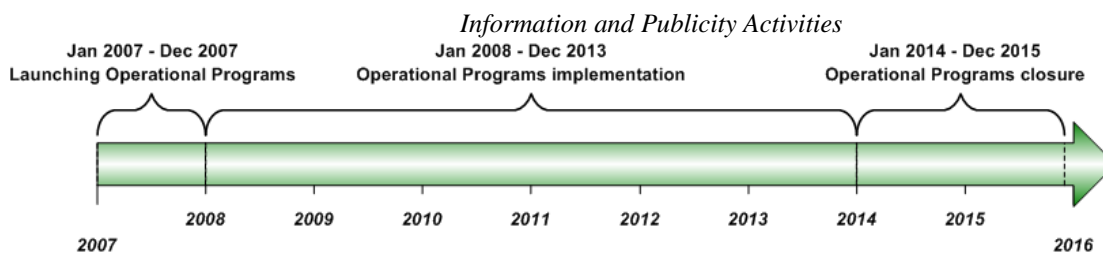
1045. The communication objectives are as follows:

- To promote public awareness of the investments EU Funds in the socio-economic development of Latvia and general public benefit.
- To promote participation of social, regional and non-governmental partners in drafting EU funds planning documents and project implementation conditions.
- To ensure timely, clear and comprehensive information for potential EU funds project applicants and final beneficiaries.
- To promote transparency in the use of EU Funds by ensuring transparency of EU Funds utilisation and traceability.
- To ensure access to information in planning regions by facilitating active participation of inhabitants of planning regions in EU Funds implementation.
- To promote cooperation among institutions involved in the management of EU Funds and information intermediates.

Target Groups

1046. The communication target groups are:

- Potential project applicants and and final beneficiaries as laid down in the Operational Programmes: (Local Governments, NGOs, entrepreneurs, the education sector, public authorities) etc.;
- Potentially and actually benefiting groups;
- Information intermediates:
- National and local media
- Regional Structural Funds Information Centres in 5 planning regions;
- Information providers on EU issues, such as The Latvian Rural Advisory and Training Centres, EU Information Agency, EU Information Points, Europe Direct, libraries at local governments;
- Local governments, Latvian Association of Local and Regional Governments, The Association of Large Cities;
- Non-governmental organisations
- Journalists;
- Opinion leaders;
- Institutions involved in the management of EU Funds;
- General public.



Stage 1: Launching Operational Programs: January 2007 – January 2008

Measure type	Content	Target groups	Institutions involved
MEASURE 1: Mass media relations			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - EU funds TV and radio programmes - Press releases - Interviews, comments, opinions - Press conferences 	<ul style="list-style-type: none"> - EU funds availability - Launching open calls - Launching restricted calls - Major projects - Economic sectors development in context of EU funds implementation - Project implementation - Contact information etc. 	<ul style="list-style-type: none"> - Potential Project applicants - Final beneficiaries - Latvian society - Information intermediates 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 2: Mass media monitoring			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - media monitoring 	<ul style="list-style-type: none"> - LR national and local press reviews and content analyses 	<ul style="list-style-type: none"> - Institutions involved in EU funds management 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 3: Regional conferences about EU Funds			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Regional conferences (5) 	<ul style="list-style-type: none"> - EU funds projects in 5planning regions 	<ul style="list-style-type: none"> - Final beneficiaries in planning regions - NGOs, social and regional partners - Institutions involved in EU funds management - Latvian society 	<ul style="list-style-type: none"> - Regional SF information centres (5)
MEASURE 4: Publicising and dissemination information materials and			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Information materials in line of Cabinet of Ministers regulation „EU Funds publicity and visibility” 	<ul style="list-style-type: none"> - NSRF - OPs - OPs complements - Activities under responsibility of Responsible Institution - Other information materials, content correspondent with the target group (s) 	<ul style="list-style-type: none"> - Potential project applicants - Information intermediates - Public administration institutions - Local authorities - NGOs, social and regional partners 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5) -
MEASURE 5: Consultations, information measures for potential applicants including informative support in planning regions			

<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Seminars, consultations etc. 	<ul style="list-style-type: none"> - EU funds availability - Practical information to potential applicants and final beneficiaries - Contact information etc. 	<ul style="list-style-type: none"> - Potential project applicants, especially in regions - Final beneficiaries, especially in regions - Information intermediates 	<ul style="list-style-type: none"> - Responsible Institutions - Co-operation Institutions - Regional SF information centres (5)
MEASURE 6: Promoting involvement of potential applicants and partners in drafting and discussion of project selection criteria			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Any form of promoting society's participation 	<ul style="list-style-type: none"> - EU funds project selection criteria 	<ul style="list-style-type: none"> - NGOs, social and regional partners - Potential project applicants, 	<ul style="list-style-type: none"> - Responsible institutions
MEASURE 7: Development of a single network in the EU Funds web-page www.esfondi.lv among home pages of institutions involved in EU Funds management			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Development of a single home pages network - Unified contact information of contact persons of EU funds institutions 	<ul style="list-style-type: none"> - Information support to potential applicants and final beneficiaries 	<ul style="list-style-type: none"> - Potential project applicants - Final beneficiaries - Information intermediates - Web page visitors 	<ul style="list-style-type: none"> - Managing Authority in co-operation with responsible and co-operation institutions and Regional SF information centres (5)
MEASURE 8: Flying EU flag at the Managing Authority on 9th of May			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Flying EU flag 		<ul style="list-style-type: none"> - Inhabitants of Latvia 	<ul style="list-style-type: none"> - Managing Authority

Stage 2: Operational Programs implementation: February 2008 – December 2015

Measure type	Content	Target groups	Institutions involved
MEASURE 1: Mass media relations			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - EU funds TV and radio programmes - Press releases - Interviews, comments, opinions - Press conferences 	<ul style="list-style-type: none"> - EU funds availability - Launching open calls - Launching restricted calls - Major projects - Economic sectors development in context of EU funds implementation - Project implementation 	<ul style="list-style-type: none"> - Potential Project applicants - Final beneficiaries - Latvian society - Information intermediates 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Planning regions (5)

	- Contact information etc.		
MEASURE 2: Mass media monitoring			
1	2	3	4
- media monitoring	- LR national and local press reviews and content analyses	- Institutions involved in EU funds management	- Managing Authority - Responsible Institutions - Co-operation Institutions - Planning regions (5)
MEASURE 3: Annual conference on EU Funds			
1	2	3	4
Annual conference on EU Funds	- EU funds implementation with a focus on reached indicators	- Final beneficiaries in planning regions - NGOs, social and regional partners - Institutions involved in EU funds management - Latvian society	- Managing Authority in co-operation with responsible and co-operation institutions and Planning regions (5)
MEASURE 4: Dissemination of specific information			
1	2	3	4
- Information materials in line of Cabinet of Ministers regulation „EU Funds publicity and visibility”	- EU Funds implementation process and results - EU Funds project examples - Reached indicators - Project implementation experience etc.	- Final beneficiaries in planning regions - NGOs, social and regional partners - Institutions involved in EU funds management - Latvian society - Public administration institutions	- Managing Authority - Responsible Institutions - Co-operation Institutions - Planning regions (5) -
MEASURE 5: Public opinion poll (1x year) about society’s awareness of EU Funds			
1	2	3	4
- Public opinion poll	- Society’s awareness of EU Funds	- Latvian inhabitants (random choice / 1000)	- Managing Authority
MEASURE 6: Placement of Billboards and permanent information plaques and posters			
1	2	3	4
- Billboards and permanent information plaques and posters at project sites	- Information on EU funding in EU Funds projects	- Final beneficiaries - Inhabitants of Latvia	- Responsible or co-operation institutions
MEASURE 7: Updating homepages			

<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Home pages 	<ul style="list-style-type: none"> - Actual EU funds information 	<ul style="list-style-type: none"> - Potential project applicants - Final beneficiaries - Information intermediates - Home pages visitors 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Planning regions (5) -
MEASURE 8: Consultations, information measures for potential applicants and final beneficiaries including informative support in planning regions			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - Seminars, consultations etc. 	<ul style="list-style-type: none"> - EU funds availability - Practical information to potential applicants and final beneficiaries - Project implementation experience 	<ul style="list-style-type: none"> - Potential project applicants, especially in regions - Final beneficiaries, especially in regions - Information intermediates 	<ul style="list-style-type: none"> - Responsible Institutions - Co-operation Institutions - Planning regions (5)
MEASURE 9: Conferences, seminars of technical nature on major project implementation			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - conferences - Seminars - Exchanging experiences and good practice 	<ul style="list-style-type: none"> - Practical information to major project applicants and beneficiaries 	<ul style="list-style-type: none"> - major project applicants and beneficiaries - information intermediates 	<ul style="list-style-type: none"> - Managing Authority - Responsible Institutions - Co-operation Institutions - Planning regions (5) -
MEASURE 10: Publicising list of EU Funds beneficiaries			
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<ul style="list-style-type: none"> - list of EU funds beneficiaries in line with the Cabinet of ministers regulation “Publicising information about EU funds project” and according to to the provisions of Article 7 point 2.(d) of the Regulation (EC) No. 1828/2006 and Annex XXIII of the Regulation No. 1828/2006 	<ul style="list-style-type: none"> - Content in line in line with the Cabinet of ministers regulation “Publicising information about EU funds project” 	<ul style="list-style-type: none"> - Final beneficiaries - Inhabitants of Latvia 	<ul style="list-style-type: none"> - Responsible Institutions - Co-operation Institutions -

MEASURE 11: Flying EU flag at the Managing Authority on 9th of May			
1	2	3	4
- Flying EU flag		- Inhabitants of Latvia	- Managing Authority

MEASURE 12: Qualitative research in 2010 about the impact of publicity measures			
1	2	3	4
- Qualitative research	- Reached indicators and impact of information and publicity measures	- Inhabitants of Latvia - Institutions	- Managing Authority

Stage 3: Operational Programmes closure 2014-2015

Measure type	Content	Target groups	Institutions involved
MEASURE 1: Qualitative research in 2010 about the impact of publicity measures			
1	2	3	4
- Qualitative research	- Reached indicators and impact of information and publicity measures	- Inhabitants of Latvia - Institutions	- Managing Authority

Funding

1047. The institutions involved in the management of EU Funds and Regional Structural Funds Information Centres will receive EU funding from technical assistance in order to ensure the implementation of information and publicity activities.

Management and Monitoring of Communication of EU Funds

1048. Responsible institutions or the line ministries and State Chancellery ensure the management and information measures for activities financed by EU Funds, in accordance with the sector policy and the priorities laid down in the National Strategic Reference Framework. Responsible institutions ensure that the target groups receive information on EU Funds activities in the sector concerned and explain their importance within the developmental context of the sector. Bearing in mind that implementation of the European Social Fund, European Regional Development Fund and the Cohesion Fund activities is simultaneously managed by several Responsible institutions; their primary informational responsibility 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 Responsible institutions within the framework of a single Fund must be mutually coordinated and supplementary.

1049. The informational support to project applicants and final beneficiaries is ensured by Cooperation institutions or Responsible institutions in accordance with the delegation of functions as laid down by the Responsible institution. Co-operation or Responsible institutions provide information on open and restricted calls; carry out the necessary informational tasks related to encouraging project applications, and ensure explanation of implementation requirements and informational support to final beneficiaries.

1050. In addition to the informational support provided by the Cooperation institutions or Responsible institutions, Regional Structural Funds Information Centres as part of Planning Regions provide general information and consultations to potential project applicants, provide support and supplement the informational activities carried out by

other institutions and their regional offices involved in the management of the EU Funds; coordinate the EU Funds information activities in five planning regions, thus promoting awareness of potential project applicants and their activity in the planning regions.

1051. The Managing Authority is responsible for implementation of the communication strategy and provides general information on the overall absorption of the EU Funds. Coordination and monitoring of the EU Funds communication activities is ensured by the EU Funds Communication Management Group, where communication specialists of all the institutions involved in the management of the EU Funds and 5 Planning Regions are represented.

Summary of Responsibilities and Competences of the Authorities Involved in Management of the EU Funds

Institution	Primary target group	Primary responsibility
Monitoring Committee	Institutions involved in the management of EU Funds	Approval of the EU Funds Communication Strategy for 2007-2015 and its implementation monitoring
Managing Authority	General public	Implementation of the EU Funds in general
Responsible Institutions	General public	Implementation of EU Funds activities; EU Funds impact on sector policy
Cooperation Institutions <u>or</u> Responsible Institutions	Potential applicants and Beneficiaries	Practical information for project applicants and implementers
5 Planning Regions	Potential project applicants, especially less active EU Funds target groups in the regions	Informing, encouraging and orientating potential project applicants and less active EU Funds target groups in order to attract funding from the EU Funds in the regions

1052. The Managing Authority, Responsible Institutions, Cooperation Institutions and 5 Planning Regions draw up their communication plans independently, by evaluating their own resources and competence. However, they are drawn up in compliance with the Communication Strategy. If the information provided by the institution ranges beyond its established competence and concerns activities of other institutions, then the information is mutually agreed. Detailed division of responsibilities and communication competences of institutions 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

1053. 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 media coverage (source of information – content analysis of the media publications).

Measure	Outputs
Websites	<ul style="list-style-type: none"> - Number of users (average per day and the total number) - Number of electronic requests for information - Registrations to receive information electronically
Information to the Media	<ul style="list-style-type: none"> - Number of releases - News reflected in national and local media (number of publications)
Press briefings	<ul style="list-style-type: none"> - Number of press conferences - Coverage in national and local media (number of publications)
Informational events (seminars, conferences, etc.) and informational/consultative support	<ul style="list-style-type: none"> - Number of informational events - The reached audience (number of participants) - The reached area - Number of individuals who were provided consultations
Publications	<ul style="list-style-type: none"> - Number of publications, copies/circulation - The reached audience - The reached area

5.8. Coordination of the assistance and demarcation

1054. The coordination of SF and CF operational programmes is important for mutual harmonization and separation of sectors of assistance, and for alignment with horizontal objectives. In order to ensure coherence between the three OPs to achieve the strategic goals set at the level of the NSRF, the coordination mechanisms are put in place.
1055. The mutual coordination of SF and CF operational programmes is ensured by the Ministry of Finance as the Managing Authority, as well as by the OP Monitoring Committee. The concentrated implementation model, whereby all OPs have a joint Managing Authority, fosters better coordination between OPs. A joint Monitoring Committee has also been established for the OPs, which allows for optimum coordination of OPs by concentrating information on all OPs in one place. In the

negotiations with the European Commission services it was agreed to establish also two dedicated Sub-Committees – one for ESF and the other for ERDF and the CF.

1056. In order to avoid overlap in SF and CF investments, as well as the situation whereby financing for a particular sector cannot be provided by any financial instrument, it is important to coordinate the SF and CF with the European Agricultural Fund for Rural Development and the European Fisheries Fund. This is particularly important when complying with the cohesion policy objectives as complemented by the common agricultural policy objective to ensure a fair standard of living for the rural community.
1057. The coordination of SF and CF operational programmes with the instruments for implementing the Common Agricultural Policy and the Common Fisheries Policy will be ensured by the Ministry of Finance as the Managing Authority of SF and CF. During the elaboration of the OPs, the Ministry of Finance consulted the Ministry of Agriculture on the measures to be included in the programming documents and conditions for receiving financing. Coordination will also be ensured during implementation with the participation of a representative from the Managing Authority in the European Agricultural Fund for Rural Development and European Fisheries Fund monitoring committees (management groups), as well as with the participation of a representative from the Ministry of Agriculture in the SF and CF operational programme Monitoring Committee.
1058. Within the frames of operational programme “*Human Resources and Employment*” there is a demarcation defined with such a measures of *Rural Development programme for Latvia 2007-2013*:
- “Vocational training and information actions”;
 - “Setting up of Management, Relief and Advisory Services”;
 - “Use of Farm and Forestry Advisory Services”;
 - “Basic services for the economy and rural population”;
 - “Support for creation and development of micro-enterprises”;
 - “Running the local action group, acquiring skills and animating the territory”.
1059. Within the frames of operational programme “*Human Resources and Employment*” there is a demarcation defined with such a measures of *Operational Programme for the Implementation of the European Fisheries Fund Support in Latvia for 2007 - 2103*:
- priority Axis 3 „Measures of common interest” measure “Collective operation actions”;
 - priority Axis 1 “Measures for adaptation of the Community fishing fleet” measure „Socio-economic measures”;
 - priority Axis 2 “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure „Productive investments in aquaculture”;
 - priority Axis 2 “Aquaculture, inland fishing, processing and marketing of fishery and aquaculture products” measure “Processing and marketing of fishery and aquaculture products”;
 - priority Axis 4 measure „Sustainable development of fisheries areas” “Ensuring the operation of the LFAGs, acquiring of skills, activation of territories”.

1060. In addition, according to the national legislation the Ministry of Regional Development and Local Governments will ensure coordination of the OPs with the National Development Plan, the Ministry of Economy will ensure coordination of the OPs with the Latvian National Lisbon Programme and the Ministry of Welfare will ensure coordination of the OPs with the National Action Plan for Social Inclusion thereby ensuring harmonization of investments under the SF and CF with the national development programming documents. All of the institutions mentioned are members of Monitoring Committee.

6. INFORMATION ON EX-ANTE EVALUATION AND SEA PROCESS AND RECOMMENDATIONS TAKEN INTO THE CONSIDERATION IN RESPECT TO OPERATIONAL PROGRAMME “HUMAN RESOURCES AND EMPLOYMENT”

6.1.Ex-ante evaluation process

1061. According to second part of Article 48 of the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 Member State shall carry out an ex ante evaluation for planning documents.
1062. Ex-ante evaluation of operational programme “Human resources and employment” altogether with the operational programmes “Entrepreneurship and innovations” and “Infrastructure and services” and National Strategic reference framework commenced in July 2006 by preparing four reports – one report for each programming document. Via an open call procurement procedure SIA „PricewaterhouseCoopers” was chosen to be the ex-ante evaluator.
1063. The main aim of the ex-ante evaluation is to ensure a preparation of qualitative EU funds planning documents for the period 2007–2013 in accordance with the EU and Latvian normative acts, as well as in compliance with the country’s development needs and provisions laid down in the EU and Latvian planning documents.
1064. According to the Article 48 of aforementioned Regulation the aim of the ex-ante evaluation is to optimize the allocation of budgetary resources under operational programmes and improve programming quality. The evaluation should contain identification and appraisal of the disparities, gaps and potential for development, the goals to be achieved, the results expected, the quantified targets, the coherence, if necessary, of the strategy proposed for the region, the Community value-added, the extent to which the Community's priorities have been taken into account, the lessons drawn from previous programming and the quality of the procedures for implementation, monitoring, evaluation and financial management.
1065. Ex-ante evaluation is carried out in parallel with the preparation of the EU funds planning documents. During the process of ex-ante evaluation the experts provide their opinion and recommendations about the prepared planning documents to their authors, they do participate also in the negotiations process with the European Commission on the approval of the planning documents.
1066. Until the end of October 2006, when the draft reports were prepared, discussions on each planning document took place on a regular basis among the parties involved in the preparation of planning documents – representatives of the respective line ministries, Managing Authority and independent experts. After the reports were received a public hearing was held (see information about the Strategic Environmental Assessment) when the opinion on the reports prepared by the experts could be expressed by the whole society, inter alia, social, regional and non-governmental sector partners. After the reports were received discussion on each comment took place among the involved parties, consequently the reports were updated.

1067. Experts were helpful in preparation of planning documents that ensure clear and constructive layout of issues and lucidity.

6.2. Conformity assessment of socioeconomic analysis and elaborated strategy to the needs identified

1068. Main conclusions and recommendations expressed by experts were in respect to insufficient data analysis on the necessity of intervention in the specific area, as well as the lack of country's policy planning documents in the specific area that would, for instance, classify the industries by priority. Evaluators asked the conclusions in the analytical part and weaknesses identified to be justified by statistical information and analysis. This was taken into consideration updating the planning documents by drafting more precise activity descriptions, and providing more comprehensive information in the OP complements.

1069. Draft OP version prescribed that there is shortage of workforce in the economic sectors that face rapid growth, it also identified the main problems in Latvia in the field of social inclusion, nevertheless the experts pointed out that at the same time the document lacks the statistical justification for these statements. In updating the data the line ministries used the most outstanding statistical data and unprejudiced information from studies within their limits.

1070. Experts noted that there is no clear identification of activities to be carried out in the framework of measure 3.2. "Health at Work" of the draft DP and the experts asked to consider a possibility to make corrections in the title of this measure and to ensure the activities included in the respective measure are presented in more detail emphasizing the support for securing work productivity. Two activities were included in the measure 4.1. "Social inclusion" of the draft OP version one directed towards stimulation of inhabitants' economic activity foreseeing support for inhabitants subjected to social isolation risk for increasing their motivation and competitiveness in the labor market and the other directed towards improvement of the systems evaluating capacity for work and enhancing social service implementation. The experts commented on insufficient justification for these activities and taken into consideration that the second activity is related to the activities included in the administrative capacity development priority they suggested second activity to be carried over to the priority 5 "Administrative capacity strengthening". Taken in to consideration that social inclusion is not always marked out as a separate priority in other countries' programming documents and rather implemented horizontally the experts suggested activity 1 "Stimulation of inhabitants' economic activity" foreseeing support for inhabitants subjected to social isolation risk for facilitating their integration in the labor market to be integrated into other activities that are directed towards facilitating employment, i.a., integration of groups subjected to social isolation. Regarding the justification of activities more detailed explanatory notes were included in the final OP version; nonetheless no activity was excluded from the planning documents during the development of planning documents.

6.3. Conformity assessment of developed strategic justification to strategy

1071. Experts were asking to consider a possibility to provide more detailed information on the necessity of assistance in respect to the specific activity. One must note that the OP complements cover the areas where assistance is offered in more details by setting the priority areas.

1072. The experts noted that draft OP “Infrastructure and services” version foresees synergy of its measure “ICT infrastructure and service” with the activity “Improvement of the systems evaluating capacity for work and enhancing social service implementation” of measure “Social inclusion” of the draft OP “Human resources and employment” version , however this is not mentioned in the draft OP OP “Human resources and employment” version. The final version of the planning documents the synergy part is significantly enhanced.
1073. There was an invitation expressed to provide a more detailed description on how the horizontal priorities’ targets are met within each measure, for instance, by marking the particular activities that target these priorities or by marking the target groups that are involved in the implementation of activities, or by defining a specific set of project selection criteria that would allow to meet the horizontal priorities’ targets. Thus OP complements provide description of the implementation of horizontal priority. For instance, horizontal priority “International competitiveness of Riga city” is implemented by having a large part of the target group positioned in Riga or its surrounding.

6.4.Conformity assessment of the developed strategy to the Community Cohesion strategic guidelines and Latvian line policies

1074. Independent experts certified that the developed planning documents are altogether in line with the Community Cohesion strategic guidelines, scenario laid down in the National development plan and the respective line basic positions for the period 2007 – 2013.

6.5.Assessment of the anticipated results and impact

1075. It was recognized that in the development phase of the documents no target indicators were set for the horizontal priorities; thus a risk was identified to lack the possibility to evaluate the horizontal priority targets. There was an appeal from the experts to develop evaluation criteria on the programme level (output, impact) in order to create an opportunity to evaluate the results achieved by the programme in total, avoiding going deeper till the priority level, to review a possibility to include baseline values for all the indicators, thus providing an opportunity the targets achieved to be conveyed in relative values and making it easier to interpret the results achieved in the particular context, as well as review the possibility to indicate the data sources and the period of reconstruction for the indicators included in the document, as well as indicating the method used for data calculation. Experts invested rather much effort in the development of indicators.
1076. On the initiative of the Managing Authority an inter-institutional working group on the indicators was organized, which considered all the comments expressed by the experts and which results are visible in the final version of the planning documents – indicators are defined in a comprehensive and logic manner ensuring the evaluation of targets achieved, in the OP complement the data sources and method used for its calculation is depicted.

6.6.Assessment of the implementation system

1077. Experts expressed a suggestion to indicate specific financial beneficiaries. This information is included in the OP complement by indicating the groups of financial beneficiaries for each activity.

6.7.Strategic Environmental Assessment

1078. In accordance with the Law “On Environmental impact assessment” and the Directive 2001/42/EC of the European Commission on the assessment of the effects of certain plans and programmes on the environment independent experts (SIA “VentEko”) within the contract on ex-ante evaluation carried out the environmental impact assessment of the aforementioned four planning documents by preparing four environmental reports – one for every planning document.
1079. In the environmental reports analysis of the respective planning document level EU and Latvian environmental policy documents and normative acts is performed, activities proposed in the planning documents are analyzed from the environment protection and sustainable development perspective, possible environmental impact if implementing the planning documents is assessed, possible alternatives if there are such are analyzed, and recommendations to reduce the environmental effect of the activities mentioned in the planning documents and enhance sustainable development are given.
1080. In the preparation of environmental reports the transparency principle was obeyed by effectively publishing the most outstanding information on the Ministry of Finance administered web site, thus making the information publicly available. Public hearing of the environmental reports took place from October 31, 2006 until December 14, 2006. On November 6, 2006 seminar was organized to attract the public attention to the fact that the public hearing for the environmental impact assessment commenced. Institutions involved in the EU funds implementation and the development of planning documents, social, regional and non-governmental sector representatives participated in the seminar. Overall there were around 50 participants. The aim of the seminar was to give an overall insight and the most outstanding information on the ex-ante evaluation and on strategic environmental assessment of the EU funds planning documents, as well as to repeatedly pay partners attention that the EU funds planning documents environmental reports commenced. The meeting of the public hearing during which an opportunity was provided to express comments and make a discussion on the comments took place on December 6, 2006.
1081. Experts concluded that overall the planning documents are in line with the targets set out in the environmental policy planning documents. An invitation was expressed to enhance the involvement of people in addressing environmental issues.
1082. Managing Authority by making adjustments to planning documents have taken into consideration the comments expressed and made respective changes.
1083. In the beginning of March 2007 positive opinions on the four environmental reports were received from the Environment State Bureau (ESB) – the competent authority. The managing authority plans to implement the recommendations of the competent authority into practice.