



Brussels, 18 December 2003

**JOINT MEMORANDUM ON SOCIAL INCLUSION OF
LATVIA**

In accordance with the provisions of the Accession Partnership, the Government of Latvia has prepared, with the European Commission, Directorate-General for Employment and Social Affairs, a Joint Inclusion Memorandum, with the purpose of preparing the country for full participation in the open method of coordination on social inclusion upon accession. The Memorandum outlines the principal challenges in relation to tackling poverty and social exclusion, presents the major policy measures taken by Latvia in the light of the agreement to start translating the EU's common objectives into national policies and identifies the key policy issues for future monitoring and policy review. Progress in implementing such policies will be assessed in the context of the EU social inclusion process, whose goal is to make a significant impact on the eradication of poverty in Europe by 2010.

(Signed)

Mrs Dagnija Stake
Minister of Welfare
Latvia

(Signed)

Ms Anna Diamantopoulou
Member of the European Commission
responsible for Employment and
Social Affairs

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1. ECONOMIC SITUATION

After the restoration of Latvian independence in 1991, the country has made significant progress in the transition to a market economy from the centralised planned economy. The growth of the economy during the last few years has been one of the highest among the EU candidate countries. However, the standard of living of the country's residents falls behind that in the developed countries – calculations based on purchasing power parity standards show that in 2002 the GDP per capita was only 35%¹ of the average figure in the EU.

1.1. Economy

Between 1996 and 2002 GDP in Latvia increased by an average of 5.8% a year and the rapid economic development is continuing. In 2001, GDP increased by 7.9%, but in 2002 by 6.1%. The level of inflation is one of the lowest among the countries of Central and Eastern Europe. During the last four years average inflation has been between 2 and 3%. The average inflation of consumer prices in 2002 was 1.9%.

During the transition period significant changes took place in the structure of the national economy – considerable decrease in agriculture and industry, but increase in services. Between 1996 and 2002 even though the number of people employed in agriculture and forestry has decreased by 6,1%, it still remains high at 15% of total employment, while in the service sector the number of people employed has increased by 10,9%², representing 59,1 % of total employment in 2002.

The potential for economic growth is characterised by the increase in investment. Between 1996 and 2002, the amount of investment in fixed assets every year increased on average by 18%. The increase in investment was promoted by several factors: stable macroeconomic environment, low-interest credit rates, consolidation of the banking sector, etc. In terms of attracting of foreign capital, Latvia is among the top five countries in Central and Eastern Europe.

Income and pensions have been growing constantly in recent years. Between 1996 and 2002, the net income of employees increased by 58% (by 8% from 2001 to 2002) and pensions by 65% (by 7% from 2001 to 2002).

Even though the economic indicators are relatively high, the increase in the level of public welfare is still too low. The increase in the income of inhabitants is very uneven. The polarisation of material welfare is growing; there are a large number of persons receiving a low income.

There is a relatively large proportion of employees whose income is not officially declared. Social and income tax payments were made from the minimum wage. National income and the resources available for State-defined guarantees are thus reduced. As a result social security, which is directly dependent on the actual social insurance payments, has not been

1 "Statistics in Focus" Theme 2 - 20/2003.

2 NACE G-Q

developed on schedule. According to data from Ministry of Finance, the shadow economy accounts for 14-20%³.

One of the main problems of the Latvian economy is the high current account deficit. One of the reasons is high internal demand, and especially the rapid growth of investment. The current account represented 9.7% of GDP in 2001 and 7.8% in 2002.

1.2. Labour market and employment

In 2002 an overall improvement was observed in the employment and unemployment situation. Compared with the previous year, the economic activity of residents of the country, i.e. their participation in the labour market, increased. In the 15-64 age group this activity rate was 68.8% in 2002, i.e. only slightly lower than the EU average. Furthermore, economic activity among women exceeds the EU average and in the year 2002 reached 64.1%. Male participation in the labour market still lags significantly behind, even though it has increased by 1.2 percentage points since 2001, reaching 73.9%. Participation of older people is rising but still low among women. The participation rate of young people is low. Differences in economic activity of residents among regions are observable: it is highest in the Riga region – 72.1%, but in the Latgale region it is 9.4 percentage points lower.

In 2002⁴ 60.5% of persons in the 15-64 age group were employed. The level of female employment was comparatively high – 57%, but the level of male employment increased by 2.2 percentage points (64.3% in 2002). Even though female employment in Latvia exceeds the EU average, their monthly salaries in 2002 were only 81.5% of male salaries. Female movement towards areas such as education, health care and culture is traditional. These are mainly State- or municipality-funded and are the areas where the social guarantees are most often provided. These areas are the lowest-paid ones. The low-skilled are to a large extent excluded from standard employment; at 33.3% in 2002 their employment rate is less than half of that of the highly-skilled. It should be mentioned that the low-skilled workforce represents only 15.5% of the economically active population.

The education level of the employed in Latvia is comparatively high. On average 21.6% of those employed in basic work in 2002 had higher education (24% in the EU), 64.3% had secondary education, including vocational education (46% in the EU). However, many employees lack the skills necessary for work in the fields that are in highest demand in the labour market - information technologies, communications, marketing and entrepreneurship. Another factor is insufficient knowledge of the national and foreign languages. Only 6/7 of the whole Latvian population know the national language.

There are significant regional differences in employment levels. For example, in the 15-64 age group the average employment level in Riga in 2002 was 64%, but in the Latgale region it was only 52%.

The level of unemployment continues to decrease gradually and it was 12.1% in 2002⁵ (in the 15-64 age group). However, it is 4.4% higher than the average EU figure⁶. However, the

3 Joint Assessment Paper, p.6.

4 Data of the Central Bureau of Statistics from the Labour Force Survey (CBS LFS).

5 Data of the Central Bureau of Statistics from the Labour Force Survey (CBS LFS).

6 <http://www.europa.eu.int/comm/eurostat/Public/datashop/print-product/EN?catalogue=Eurostat&product=1-em071-EN&mode=download>.

difference between the SEA registered unemployment level and the LFS is still significant, which indicates insufficient motivation of the unemployed to be registered at the SEA. In 2002 the average unemployment level in Latvia among men was 13.1 % (decrease of 1.6 percentage points in comparison with 2001), but the level of female unemployment was 11.0% (lower by 0.9 percent points than in 2001).

In 2002, on average 65.5% of the unemployed had secondary education or secondary vocational education, 9% higher education and 25.5% basic or lower education.

According to the CBS LFS data, the unemployment level in the Latgale region in 2002 was 17.1% but in all the other regions of Latvia it was between 10.4% and 13%. Hence, the GDP per capita in Latgale was the lowest – 844 Ls or two times lower than the average figure in the country in 2000.

1.3. Social expenditure

The funding for social security includes expenses for social insurance and universal State benefits. This expenditure has increased since 1997 and in 2001 reached 574.8 million Ls or 11.9% of GDP. However, as a proportion of GDP social security spending has decreased annually since 1999. Funding of social assistance includes municipalities' social assistance benefits for persons with insufficient income. In 2001, the funding in this field was 15.5 million Ls or 0.3% of GDP. Also in this field, the funding in absolute numbers is increasing each year. Funding allocated for health care was 163.5 million Ls or 3.4% of GDP. The low funding for health care raises particular concerns and is insufficient in view of the present state of health and the material provision of the population. The given indicator is among the lowest in Central and Eastern European countries. On the whole, GDP has increased faster than the increase in resources allocated for social protection. The decrease in the proportion of resources allocated for social protection from GDP has a negative impact on the standard of living and state of health of the population. It also affects the ability of the respective area institutions to perform their functions.

Funding for social services includes expenditure from the basic national budget and municipalities' budget for the provision of social care and social rehabilitation. 8.6 million Ls or 0.2% of GDP were spent in 2001 on social services. 41.4 million Ls or 0.87% of GDP in 2001 were allocated for the employment sector (active labour measures).

2. SOCIAL SITUATION

This chapter looks at the social situation and the main social problems arising from the changes in the national economy and the labour market described in chapter 1.

Demographic situation

In 2002 the population of Latvia was 2.35 million, 1/3 of whom lived in the capital. 54% are women, 17% are children aged up to 14 years and 21% are aged 60 or over. By nationality, in the same year 58.2% of the total population were Latvians, 29.2% were Russians and the remaining 12.6% represented other nationalities.

The population in general is tending to decrease. The number of newborn children per 1 000 residents was 13.1 in 1991, 8.7 in 1995 and 8.6 in 2002. On the other hand, the number of deaths per 1 000 residents fell from 15.7 in 1995 to 13.9 in 2002. Hence the natural increase

of the population remains negative. Even though the **demographic burden** is decreasing slightly on the whole (from 772 children and persons of pension age for every 1 000 persons of contributing age in 1995 to 646 persons in 2002), this is a result of the decreasing numbers of children. Like Europe as a whole, Latvia faces the problem of population ageing. There is an increasing need for new social and health services for the elderly and increased funding for pensions.

2.1. Income inequalities and poverty levels

Using the **monetary poverty indicators** approved at the **Laeken** European Council in 2001⁷, it is clear that Latvia has relatively high levels of income inequality and risk-of-poverty index. In 1999 the Gini coefficient characterising the inequality in income distribution in Latvia reached 31 (EU15 – 29) and in 2002 it was 34. The ratio between the incomes of the top 20% of the income distribution and the bottom 20% was 5.1 in 1999 (EU15 – 4.6) and 5.5 in 2002.

In 1999 and again in 2002, 16% of the population were at risk of poverty (EU15 - 15% in 2000). **Social transfers** play a significant role in poverty reduction. If household members did not receive any social transfers, the poverty risk index in Latvia would have been 45% in 1999 and 43% in 2002 (EU15 average 40% in 1999 and 2000). It is important to note that the actual value of the risk-of-poverty threshold in Latvia is very low (49 Ls for a one- person household per month or 589 Ls a year in 1999, 59 Ls and 706 Ls respectively in 2002). In 2001, it was 3.6 times lower than in the EU15 countries (in one-person households in EU15 countries the poverty threshold in purchasing power standards was PPS 7732, while in Latvia it was PPS 2301).

The Household Budget Survey data show that in 2002 the average income per household member in a month was 80.00Ls⁸ (137.22 EUR). In 2002, 20% of the poorest households had just 10% of the total income of households, the average income per person in these households was 31,41 Ls (53.87 EUR) and 27% of all residents came from those low-income households. In contrast, 20% of the more prosperous households with just 18% of the population had 40% of total household income⁹.

In spite of the comparatively high level of female employment in Latvia, the trend of feminisation of poverty is observed. Owing to their low average remuneration, poverty tends to be sustained throughout their lifetime, as the amount of future material support or the pension depends on the amount of social contributions made previously.

In 2002, the average size of **Latvian households** was 2.60¹⁰. On average, 23.5% of all households were one-person households and 19.4% were childless married couples. The proportion of such households is higher in cities. Analysing the material situation of households according to the demographic structure, two main types of households can be singled out as being at risk of increasing social isolation – **households with three or more children** and **single-parent households with one or more dependent children** (very often

7 Sources for poverty indicator calculations are CBS calculations and Eurostat publications *Statistics in Focus, theme 3-8/2003 and Draft of Statistics in Focus, theme 3 - 03/2003*.

8 Bank of Latvia defined exchange rate in 2002 was 1 EUR=0.583 Ls.

9 Household budget survey data as of 2002

10 Household budget survey data as of 2002

these households are sustained by a woman). In 1999, 26%¹¹ of single-parent households with one or more dependent children and 30% of households with two adults and three and more children faced the risk of becoming poor (poverty risk index) (35% and 22% respectively in 2002).

Comparing the average income of households, it is evident that in 2002 the lowest income level per household member - 54.37 Ls (93.26 EUR) - was in single-parent households with one or more dependent children aged up to 18 and in households with couples with children – 75.74 Ls (129.91 EUR). At the same time, the average income in one-person households was 92.17 Ls (158.10 EUR), but in those of childless couples it was 108.74 Ls (186.52 EUR). In 2002, 39% of the total number of children lived in the poorest 20% of Latvian households¹².

2.2. Territorial differences

Material inequality between cities and rural areas is growing – the largest increase in disposable income is in cities specifically. The capital excels particularly in terms of welfare. In 2002 the average income at the disposal of household members in the region around the capital was 28% higher than in the country as a whole. In the same year, the average monthly income per household member in Riga was 104.53 Ls (179.30 EUR), in the seven biggest cities 92.58 Ls (158.80 EUR), in all cities together 87.61 Ls (150.27 EUR), but in rural areas only 63.93 Ls (109.66 EUR).

Significant differences are also seen between the regions. The average income per household member in 2002 was 80 Ls, in Latgale it was 58.44 Ls, in Kurzeme 68.30 Ls, in Vidzeme 67.52 Ls, in Zemgale 71.07 Ls. In the Riga region it reached 102.43 Ls. It should be noted that significant differences in terms of income and unemployment between the countryside and cities are also seen within the regions.

Agriculture, which was the most important sector in the rural areas until 1990, has been severely affected by the structural changes in the national economy. In 2002, 14.9% of the employed population worked in agriculture and forestry – which is a significantly larger figure than in the EU countries (average of 4.3% in 2000). Fundamental socio-economic problems can be observed in countryside and coastal areas, where the restructuring process minimises chances for people to work in previous occupations. This has also increased the flow of economically active residents and young people to the largest Latvian towns, thus increasing the ageing of the rural residents.

The territories where unfavourable trends in economic and/or social development persist for a long time can be given the status of “specially supported region”. In 2003, 5 districts, 16 towns, 1 district and 113 parishes have this status. 15% of the whole population of Latvia lived in these territories, mostly located in Latgale.

Unemployment

Analysing the population that is most affected by unemployment, three main target groups can be distinguished – the long-term unemployed, young unemployed people and pre-retirement age unemployed people. In the middle of 2002, according to the data from the CSB

11 Calculations based on the *Eurostat* methodology, which regards 60% of the equivalent income median as the poverty threshold. Calculations based on Household Budget Survey data.

12 Data from Household Budgets Research.

LFS, in the 15-64 age group 46% of all job seekers had been looking for work for more than 12 months. In terms of gender it is noticeable that 59.6% of the **long-term unemployed** were men, which is about 3.9 percentage points higher than the proportion of men in the total unemployed population.

In 2002, there were 21.2% unemployed young people aged 15 to 24 in the total number of unemployed persons; the unemployment rate among people of this age was 20.8%. **Youth unemployment** also differs significantly by gender – 24.1% of women (aged 15-24) were unemployed, which is 5.8 percentage points higher than the rate for men. The main reason for young people's unemployment is education that is not suited to and/or is insufficient for the market's demands, as well as the fact that these people lack the required work experience. According to the data of the CBS, 4% of primary school-leavers in 2002 (and 2% of those of 2001) and 26% (29% in 2001) of all-in-in school-leavers did not continue their education. Moreover, 14.4% of the students in vocational education institutions in the 2001/2002 school year were expelled.

The main factor influencing young people's education and skill-building in accordance with the requirements of a modern market and that simultaneously increases their competitiveness is the flexibility of the vocational education system and the compatibility of the higher and vocational education systems with the development trends in the national economy. At present, the Latvian higher education system reacts insufficiently to the changes in the needs of the national economy. For instance, the structure of students by thematic group of the subjects studied shows that young people are more interested in studying social sciences. Disregarding the fact that a highly qualified workforce is needed in science and technology-based areas, in engineering and technologies the number of students is smaller than that in business studies, social sciences and law.

The average **unemployment rate of pre-retirement age** (55-64) people in 2002 was 9.6% (11.1% for men, 7.9% for women). Compared with the overall unemployment situation, these rates are exceptionally low. But taking into consideration that retirement age was 59.5 for woman and 62 for men, the active population is reduced by 12.1 percent points compared to the 44-55age group. Here the low economic activity of this group (22.3 percent points lower than that of the 15-64 age group) should be singled out. It can be explained by the fact that the retirement age is currently lower (will be gradually increased) in Latvia than in the EU. The main reason for unemployment among people of this group is their outdated knowledge and skills that are not relevant to the demands of the modern labour market. Among unemployed people of pre-retirement age, the proportion of long-term unemployed is higher than in other age groups. As the majority of people in this age group do not receive payments from the social insurance system, they form a large social assistance target group.

2.3. Health

Compared to the EU countries, the general health condition of the Latvian population in terms of life expectancy and mortality indicators is unsatisfactory. Population mortality indicators are very high – 13.9 per 1 000 residents in 2002 (9.8 in the EU in 1997). The average life expectancy is low – in 2002 it was 65.4 years for men and 76.8 years for women, i.e. on average 10 years lower than in the EU Member States. The lower life expectancy for men can be explained by the fact that men are more often victims of road accidents, users of psychotropic substances, and care insufficiently for their health. Mortality rates among persons of working age people are high – almost one-fifth of the people who died in 2002 were aged 20-59.

Morbidity rates for the most prevalent diseases in Western countries were much higher in Latvia than in the EU, especially in the area of cardio-vascular diseases. In 1999 the standardised mortality coefficient per 100 000 residents in the age group up to 64 in Latvia exceeded the corresponding EU figure threefold.¹³ In the area of malignant tumours the death rate in the age group up to 64 in 1999 was 103.07 (the average EU figure was 77.83¹⁴)¹⁵ and in infectious diseases the standardised mortality coefficient in 1999 per 100 000 residents in the age group up to 64 years in Latvia exceeded the EU level fourfold¹⁶. The number of newly diagnosed cases with HIV/AIDS continues to increase, reaching 807 and 42 respectively in 2001. In 2002 this figure was 542 and 55 respectively. One of the main reasons behind the HIV/AIDS spread is the increase in intravenous drug use. Usually, morbidity from “social diseases” – sexually transmitted infections, tuberculosis, and malignant tumours - is widespread among people who are subject to an increased poverty risk or who already live in poverty. In 2002, 49%¹⁷ of all patients with sexually transmitted infections in Latvia were unemployed (without a definite occupation or registered as unemployed), while 48.2%¹⁸ of first time tuberculosis patients were unemployed.

2.4. Housing

A significant precondition for reducing the risk of social exclusion is the **availability of suitable housing**. In 2001 the housing stock of Latvia was 53,5 million square metres; 65% of all the housing stock was located in cities. The housing stock in Riga was 16.2 million square metres or 30% of the total national housing. This corresponds also to the proportion of the residents in the cities of Latvia. The transition period in the early '90s also included changes in the ownership structure of housing stock in Latvia. Denationalisation of house ownership and privatisation of municipality-owned dwellings in 2001 resulted in 79% of housing stock being privately owned.

At present, the low income level and the comparatively high rental and utilities charges are the cause of the majority of housing-related problems. In 2002, 13% or 11.92 Ls of household expenditure per one household member was spent on housing and public utilities payments. The housing market has been distorted by the low purchasing power of the population and the different level of economic activity in the various Latvian regions. In the regions with low economic activity the demand for apartments is low, while in economically developed regions it exceeds availability many times over. **Families with children** are among the least protected in this particular market situation. Owing to lower income levels, families with children are more often subject to debt risks for the utilities payments, which are calculated on the basis of the total area of the apartment or the number of people residing in the apartment. Families with children can take advantage of mortgage loans for housing purchase or for extension and improvements of the existent housing to a much lower extent than childless couples.

13 World Health Organisation Regional Office for Europe “Health Status Overview for Countries of Central and Eastern Europe that are Candidates for Accession to the European Union” www.euro.who.int.

14 Ibid.

15 Regarding the number of diagnosed oncological pathologies diagnosed during preventive examinations, it should be noted that in comparison with 2001 it has fallen threefold – by 1.8% and 0.6% respectively, which shows that residents do not receive sufficient primary health care services (SZ).

16 World Health Organisation Regional Office for Europe “Health Status Overview for Countries of Central and Eastern Europe that are Candidates for Accession to the European Union”.

17 According to the data from the National Registry of Sexually Transmitted and Contagious Skin Diseases.

18 As per the data from the State Registry of Tuberculosis.

Moreover, the construction of municipality-owned apartments in the course of the last decade has declined significantly – 0.4 apartments per 1 000 inhabitants in 1999 (in 2001 there was no construction of municipality-owned apartments at all).

Another major target group is **elderly, single residents, living in the large cities**, unable to meet the rental charges set by the house owners. By themselves, people are unable to earn additional income and are unable to find housing matching their own financial resources; special support programmes for these people are therefore required.

2.5. Vulnerable groups

A few groups are subject to some risk of social exclusion to a larger extent than others or are subject to several risks simultaneously. An important group at risk of social exclusion are **people with disabilities** (or with special needs). The integration of disabled people in the job market is hindered by employers' lack of motivation and by the unsuitability of the environment for the special needs of disabled people (including the working environment). The motivation of employers to hire a disabled person is reduced by the widespread stereotypes about the working ability of a disabled person, as well as by the additional expenditure needed to ensure workspace suitable for a person with disability and access to a workplace. Another factor hindering the integration of people with disabilities in the job market is the comparatively low educational level and lack of appropriate skills.

Services aimed at the integration of people with disabilities in society are insufficient, resulting in a more restricted or disappearing support network for disabled people, increasing the isolation of those people and their families from social processes. This is most likely to cause social exclusion of children from families with disabled parents¹⁹.

Another group at risk of poverty and social exclusion is **ex-prisoners**. In 2000²⁰, 2 296 persons (including 112 women) were released from prisons, in 2001 the figure was 703 (35 women) and in 2002 it was 2 517 (129 women). Social integration of those people is hindered by the negative attitude of society because of their criminal record and because they have lost the social skills required for organisation of their daily life. The majority of former inmates face difficulties in integrating into the job market on account of their lack of education, inadequate skills and negative attitude of employers. According to research data²¹, ex-prisoners more than other groups of the population use informal networks in organising their life after imprisonment. They are less informed about possibilities offered by the State and municipalities and more passive in using active labour measures.

Two of the least protected groups of residents are **homeless people** and **vagrant children**. The emergence of these groups can be attributed to the consequences of rapid economic changes. Assistance targeted at these groups is complicated by the fact that the number of such people in need of assistance is hard to define precisely. Only the data of municipalities about homeless people who sought the services of night shelters can be used. During 2002, 1 552 homeless people used these services, the majority of them in Riga (932). There are also no precise data about vagrant (street) children. Working with these groups involves solving a whole series of problems simultaneously.

19 Identification of risk factors for social exclusion of children from poor families. Institute of Philosophy and Sociology of the University of Latvia.

20 Data of the Ministry of Justice.

21 "Risk groups of poverty and social exclusion", Institute of Philosophy and Sociology, Riga, 2003.

While households of the retired are slightly below the average income level, the poverty risks for elderly people are quite low, thanks to social transfers²², which are the second largest source²³ of income in Latvian households. The system of transfers protects almost all pensioners and the majority of pre-retirement age persons from poverty, as normally pensions have proved to be better protected against inflation than wages and salaries have been. Nevertheless, the structure of expenditure shows that **elderly people would need additional support to access health-care services**, as coverage of such services is the third priority (after expenses for food and housing maintenance) in the budget of pensioners' households.

There is a high unemployment risk for **women after child-care leave**. This is based on the necessity to improve the previous qualifications and skills and stereotypes of employers that women with children have lower labour productivity. Employers are not motivated to allow the female employees to work part-time and to do work at home (using ICT etc.). As research data show²⁴, women after child-care leave are much more active than other members of social exclusion risk groups in using the opportunities for finding jobs and active employment measures offered by the SEA. They are better informed about the opportunities offered by the State and municipalities and know better how to use these opportunities than other groups. Another reason for the increased risk of unemployment for women after child-care leave is insufficient provision of public transport in countryside regions. This hinders them from getting to the workplace and from using the services of kindergartens.

A new social group has formed in recent years whose problems society has to take into account – **victims of trafficking**. There are no precise statistics on this group in Latvia. According to the data of the State Vice Squad, 1 000 persons a year are victims of trafficking in Latvia. This number is tending to increase.

Ethnic minorities

The statistics show some differences between the unemployment rate for Latvians (9.9% in 2002, 10.2% in 2001) and for non-Latvians (15.2% in 2002, 17.3% in 2001). However, the gap is diminishing and an improvement in the situation for non-Latvians can be seen in 2002. The research and statistical data show that there are no substantial differences in poverty and social exclusion indicators between Latvians and non-Latvians, except for a very small minority of Roma.

The reasons for the differences in unemployment rates are complex. It is clear that the lack of Latvian language skills could be one of the risk factors that might affect the formation of a multi-ethnic work force and limit job opportunities for part of the population.²⁵ A number of other important factors are: the changes in the sectors previously working on Soviet military

22 Social transfers consist of sums of money that are paid out to people in pensions, allowances, social insurance and guarantees, municipal social assistance support payments as well as material assistance (in cash and kind) granted by a municipality, humanitarian and social assistance institutions, alimony received, material assistance from a place of employment, etc..

23 Social transfers make up 28% of the total household income, CBS, 2001.

24 "Risk groups of poverty and social exclusion", Institute of Philosophy and Sociology, Riga, 2003.

25 Latvian Centre for Human Rights and Ethnic Studies. A. Pabrik "Ethnic proportions, employment and discrimination in Latvia", 2002, p.43.

structures²⁶, the regional distribution of ethnic groups²⁷ and the influence of the shadow economy.

The situation of the different ethnic groups and their subjective attitude towards their situation are the result of combination of several factors. While recent research²⁸ suggests that there is no discrimination on an ethnic basis in the labour market, other research²⁹ commissioned as part of the JIM process shows that representatives of different ethnic groups tend to explain their lower competitiveness in the modern labour market as being the result of discrimination on the basis of language, not as a result of having an insufficient level of skills and qualifications. Overall it is clear that there is a need for additional research to better understand the complex relationship between language skills, ethnic origin, regional disparities and economic restructuring and how this impacts on people's access to the labour market and on levels of poverty and social exclusion, as well as to develop appropriate and targeted measures to address the situation.

According to the research³⁰ data, an ethnic group that has a high risk of poverty and social exclusion are the Roma. According to the Population Census 2000 there were 8 205 Roma, which is 0.3% (0.4% in 2002) of the population of Latvia. However, the real number of Roma is more likely 13 000 to 15 000. In Latvia, unlike in many other countries, Roma do not have a vagabond life. A high proportion of Roma children have not attained even a basic education. The Roma have a lower level of education – 40% have only four classes or lower education and many are illiterate. As a result they have limited access to the labour market – fewer than 5% of Roma of working age have official employment but only 10% were officially registered as unemployed. Roma have lower incomes and poorer health than average. The involvement of some Roma in criminal activities could be named as the negative consequence of the above-mentioned problems. The low competitiveness of Roma in the labour market, unlike in the case of members of other groups, is not related to the lack of or insufficient knowledge of the Latvian language.

Involved bodies

Social exclusion and related problems affect large groups in society and the solution of these problems depends on cooperation among many institutions. Intersectoral and interinstitutional cooperation, including NGOs, is therefore very important for successful framing and implementation of policy. In recent years many institutions of the State administration have regular partners among NGOs in specific areas. NGOs that deal with social issues (pensions, statutory labour relations, disability) and children's rights protection are especially active. Cooperation has developed not only in the framing of policy, but more and more NGOs are taking part in government competitions to recruit staff to provide services. NGOs (whose number has increased in the last few years) also play a part in influencing public opinion and creating awareness and understanding of poverty and social exclusion in society.

26 In these sectors the labour force came from other Soviet republics, especially in 1970ties and 1980ties, it had knowledge in specific areas and higher salaries.

27 Non-Latvians mostly live in the Latgale region with very high unemployment and in the Riga region where the level of unemployment is the lowest.

28 Latvian Centre for Human Rights and Ethnic Studies. A. Pabrik „Ethnic proportions , employment and discrimination in Latvia” , 2002

29 “Risk groups of poverty and social exclusion”, Institute of Philosophy and Sociology, Riga, 2003

30 “Situation of Roma in Latvia”, Latvian Centre for Human Rights and Ethnic Studies, 2003.

3. KEY POLICY CHALLENGES

The reduction of poverty and social exclusion is one of the primary long-term social policy objectives in Latvia. The main attention should be paid to efforts aimed at eliminating the causes of poverty and social exclusion for various population groups. Besides implementing preventive measures, it is necessary to identify targeted support measures for the most vulnerable groups.

Preventive measures should be aimed at strengthening the national economy, promoting public health and access to health care and to high-quality educational services, supporting the activation of individuals and their integration into the labour market and the further development of the social security system. Developing and sustaining these measures will require the development of an adequate resource base. This will involve two things: first, developing the tax base so as to achieve a gradual increase in the level of funding for social policies towards the average levels of funding in the EU and, secondly, the reduction of the scale of the shadow economy and overcoming the prevailing tax evasion problem.

In addition to the above two key preconditions, addressing a number of other specific **key policy challenges** is essential in order to reduce poverty and social exclusion.

1. Overcome educational disadvantage: This limits the ability of particular groups to compete in the labour market and participate in society. In particular, this will involve: ensuring education and training becomes more relevant to the needs of a modern labour market; developing a focused and integrated approach to addressing the problem of young people dropping out of school early or leaving with no or low qualifications; dealing with obstacles to full participation in education (e.g. costs for books, special events, transport) for children from low-income families and children with disabilities; strengthening accessibility of lifelong learning opportunities for adults, especially through development programmes at local level which target the most excluded and people with a disability.

2. Formation of an inclusive labour market and promotion of employment: This will involve working closely with businesses (employers) and representatives of employees to create a favourable environment for the job market; create new jobs; ensure workforce mobility; increase resources for measures to enhance the employability of socially excluded groups; and to develop cooperation networks and partnerships among State and municipal institutions and NGOs and social partners at local level. Special attention should be paid to efforts aimed at such social exclusion risk groups as the long-term unemployed, pre-retirement age people, young unemployed persons, persons with disabilities, large and single-parent families, women, etc. There is also a need to explore the connection between unemployment, ethnic origin, language skills and regional disparities so as to increase the employment level of ethnic minorities in the most appropriate way.

3. Provision of adequate housing: In this case the first priority is to pay specific attention to support measures (e.g. development of the social housing fund etc.) to assist people who are unable to obtain housing from the housing market, especially such vulnerable groups as families with children, orphans coming of age, ex-prisoners, etc. A second group of measures should be to support those groups of residents who do not have enough income to pay for the housing in which the family lives and for public utilities, e.g. families with children and elderly people living alone in the cities, in particular those who live in the denationalised housing facilities, etc.. Thirdly, special support measures should be provided for people with disabilities (adjustment of housing to their needs etc.). Fourthly, special measures are

important to support people (e.g. victims of violence, victims of trafficking, ex-prisoners, homeless, etc.) to overcome short-term difficulties, providing them with temporary housing opportunities and rehabilitation while the crisis situation hindering their social inclusion is overcome.

4. Ensuring an adequate income for all: The challenge is to ensure that, through a combination of wages, tax policy and the social protection system, everyone has an income adequate for maintaining human dignity. This means paying specific attention to the people subject to several risks of social exclusion, such as unemployed persons with disabilities, single unemployed parents, homeless people, etc. In particular, it means ensuring that, for those unable to earn an adequate income from work, the social protection system (social security and guaranteed minimum income scheme) is sufficient to provide an adequate income for human dignity. It will also be important to strengthen links between the social protection system and active labour market measures in order to avoid long-term dependency on benefits and to assist those who are unemployed back into work. At the same time it will be essential to ensure that work pays and lifts people out of poverty.

5. Developing social services: This means providing an opportunity for people to receive social services according to their needs and as close to their place of residence as possible. Educating professional specialists and raising their qualifications, developing the network of services and simultaneously improving the infrastructure required for the implementation of those services could achieve this.

6. Ensuring a State-guaranteed health care minimum and adequate access to required medication: At the same time preventive measures should be taken to improve access to health care and to reduce morbidity from social diseases (tuberculosis, HIV/AIDS, sexually transmitted infections, etc.). Persons facing social exclusion risks should be focused on.

7. Strengthen family solidarity and protection of children's rights: The aim of such efforts is to build a healthy and favourable social and economic environment for family development. Special attention should be paid to new families and families with children in order to eliminate potential crisis situations as well as to provide support in crises.

8. Building institutional cooperation and increasing organisational capacity: This means building networks of institutional cooperation and fostering cooperation between national, municipal, non-governmental and private organisations in order to enhance the implementation and enforcement of policies. This will also involve increasing their organisational capacity. The development of human resources is equally important along with strengthening the systems for enforcing policies and the building of effective partnerships based on cooperation between the different players.

4. POLICY ISSUES

4.1. Facilitating participation in employment

4.1.1. Policy framework

The Labour Law is the “umbrella” law in the employment sector. It regulates mutual legal relations between employees and employers, based on the labour contract. **The Law on Support for Unemployed and Job-Seeking Persons** specifies the active employment efforts and the preventive measures for unemployment elimination, State and municipality

competencies in enforcing these efforts, and defines the status of an unemployed person and a job seeker, their respective rights and obligations. The objective of the “**Law on Labour Disputes**” is to specify the institutions settling employment disputes and the procedure for the respective dispute settlement. **The National Employment Plan (NEP)** is an annual document that includes both the measures aimed at increasing the competitiveness of labour force and unemployment elimination, and also the provision of gender equality (http://www.em.gov.lv/files/EMpl_180702.doc).

The basic principles for determining any increase in the minimum wage are defined by “**The Concept Paper on the Minimum Wage**”. The “**Law on Municipalities**” stipulates that municipalities should promote entrepreneurship and take responsibility for reducing unemployment in their respective administrative territory.

The employment policy medium-term strategic development guidelines are defined in both **The Joint Assessment Paper (JAP) agreed between the Latvian Government and European Commission** and the **Development Plan**.

The main directions of work on the promotion of employment can be divided into two groups: the maintenance and increase of employment and its quality, and the reduction and prevention of unemployment.

4.1.2. Institutional system

The main national institutions that prepare the policies related to employment are: the **Ministry of Economics** (hereinafter MoE), the **Ministry of Welfare** (hereinafter MoW) and the **Ministry of Education and Science** (hereinafter MoES). **The Ministry of Welfare** drafts proposals in the following State policy areas: elimination of unemployment, vocational guidance and employment; labour safety; definition of the minimum wage; and statutory labour relations.

The MoE is responsible for the promotion of entrepreneurship and creation of a favourable business environment. The MoES frames the policy for all levels of educational development and training.

“**The State Employment Agency**” (SEA) and its branch offices are responsible for the involvement of job-seekers and unemployed persons in the job market, organisation of active employment measures, job market trend analysis and forecasting, etc. The **Professional Career Guidance Centre** contributes to tackling unemployment by providing career guidance and advisory services. The Centre has also advisory offices in 21 districts of Latvia. **The State Labour Inspectorate** (SLI) works to ensure State policy enforcement in the areas of statutory labour relations, labour safety and technical monitoring of dangerous equipment operation.

The **Agency for Vocational Education Development Programmes** facilitates State-determined vocational education development and modernisation priority enforcement and stimulates the improvement of the work of vocational education institutions. The **Latvia Agriculture and Education Support Centre** deals with the organisation of upgrading of the vocational qualifications of agricultural workers, promotion of rural entrepreneurship, further education of rural entrepreneurs. The **Municipalities'** functions include the promotion of business activities in their respective administrative areas and the organisation of unemployment reduction measures. The main objective of **The National Trilateral**

Cooperation Council is to promote the cooperation of the Government, employers' organisations and employees' organisations (trade unions).

Strengths:

(a) Since 2003 the Latvia Guarantee Agency has been established, providing guarantees for starting businesses, as well as for promotion and development of entrepreneurship; (b) Good experience in implementation of various international projects resulting in wider employment and entrepreneurship activities among rural women; (c) SEA regional policy; the structure is in place for ensuring service provision close to/in the place of residence; (d) SEA involves representatives of social risk groups in active labour measures first and foremost; (e) Successfully launched pilot projects in the field of employment promotion (subsidised workplaces for people with special needs, long-term and pre-retirement age unemployed persons, young people's work experience with employers, etc.); (f) Vocational schools and night-schools offer special programmes for attaining secondary education; (g) High efficiency of specific population group targeted active employment measures; for example, 74% of young unemployed people who finish the SEA organised work experience with employers were able to get permanent jobs; (h) Social partners' involvement in the preparation of the national and local employment plans.

Weaknesses:

(a) Small number of SMEs per 1 000 inhabitants (one of the lowest among the applicant countries); (b) Limited financial resources for active employment measures, resulting in only partial involvement of all unemployed persons wishing to participate; (c) Insufficient funding and institutional capacity to enforce policies aimed at developing further service provision closer to the place of residence; (d) The lack of adaptation of SEA offices to the disabled people, as they mostly cannot be accessed by the physically disabled; (e) Poor cooperation between municipalities, social services, SEA and non-governmental organisations; (f) A system to motivate employers to recruit job-seekers from socially excluded groups is lacking; (g) Insufficient public level of knowledge/information and specifically that of socially excluded risk groups; (h) Insufficiently developed services for the reconciliation of work and family life; (i) Vocational education does not provide the education level needed to continue directly on to higher education; (j) Insufficient cooperation between educational institutions and employers offering students the possibilities of work practice; (k) Insufficient opportunities to continue education for those who dropped out at one of the formal education levels (second chance education).

Required action:

Most immediate priorities:

(a) To create a favourable environment for small and medium-sized enterprises by facilitating access to training and advice creating favourable infrastructure, promoting availability of cheaper credit resources; (b) Increase funds for active labour market measures, especially as regards training and retraining; (c) Increase business involvement in identifying skills needed and in providing such training; (d) Retraining of representatives of those areas of the national economy whose existence is subject to future risks (agriculture, fish farming), focusing on the accessibility of such retraining programmes in country and coastal areas; (e) To ensure better access to active employment measures; (f) SEA offices should be modernised to ensure physical accessibility for disabled people to services provided by the SEA. (g) To encourage

measures aimed at employers' and educational institutions' cooperation, thus ensuring the opportunities to gain practical work experience; **(h)** To provide opportunities for acquiring modern knowledge and training possibilities – language learning, ICT, management; **(i)** To develop a lifelong-learning system (e-learning inclusive); **(j)** To develop integrated and coordinated intersectoral cooperation and partnership at local level (State and municipality institutions, NGOs, employers) targeted at the inclusion in the labour market of members of socially excluded groups; **(k)** To inform, especially those working in the private sector, about their rights related to employment and salary issues; **(l)** To promote measures providing information for employers about observing the principles of gender equality in personnel management systems.

Medium-term and long-term actions:

(a) Special support payments or tax rebates for working parents with several children or single parents, etc.; **(b)** To promote care for children and persons dependent on others' care to enable care providers' employment. To establish additional kindergartens and children's parks (special rooms/spaces for children) in employment places for children and educational institutions; **(c)** Discounts for entrepreneurs and tax rebates (or exemption from taxes) for entrepreneurs employing parents of large families, single parents, etc. **(d)** To state the amount of the minimum support to unemployed persons and adjust this amount to a State-defined minimum income level; **(e)** To ensure significant discounts or to exempt from taxes the money entrepreneurs spend for education of their employees; **(f)** To promote a change in employers' attitude towards parents on childcare leave or taking leave to look after a sick child. **(g)** Promote reconciliation of work and family life; **(h)** Provide material support for kindergarten for poor families with children, especially for single-parent families.

4.2. Access to resources, rights, goods and services

4.2.1. Social security

Policy framework:

In cases where a person is unable to earn income from work, partial income compensation is regulated by the systems of social insurance, state benefits, laws on social assistance and social services. The concept papers on social system development specify: **(a)** The development of a social insurance system which is based on the principle of solidarity and on services received in accordance with the payments made (**The Concept Paper on Pension Reforms, etc.**); **(b)** The development of a social assistance system corresponding to the needs of residents and provided as closely as possible to their places of residence, as well as strengthening of a means-tested social assistance support system (**The White Paper on the Social Assistance System** and others); **(c)** The development of a society with equal opportunities for all, including disabled people (**Concept Paper on Equal Opportunities for Everybody**).

The basic principles of the social security system, along with a person's obligations and rights relating to the receipt of social security services, are defined in the "**Law on Social Security**". The social security system is now regulated by a package of six laws: "**The Law on State Social Insurance**", "**The Law on Maternity and Sickness Insurance**", "**The Law on State Pensions**", "**The Law on State-Funded Pensions**", "**The Law on Mandatory Social Insurance for Work Accidents and Occupational Diseases**" and "**The Law on Insurance in Cases of Unemployment**". Only those persons who have paid or for whom

social insurance contributions have been paid or declared are eligible for social insurance services when a social insurance risk arises. The State benefit system is regulated by “**The Law on State Benefits**”. All permanent residents and citizens of Latvia are eligible to receive State benefits and the amount of State social benefits is not linked to the social insurance system or to any specific income level. Issues pertaining to social assistance and social services are regulated by “**The Law on Social Services and Social Assistance**”. All citizens and permanent residents of Latvia irrespective of their belonging to any social group are eligible for receiving social assistance, social care and social rehabilitation services in accordance with their needs.

The main principles of work on poverty elimination are defined in the document “**Concept Paper on Poverty Situation Elimination and Basic Principles for Poverty Reduction**”. The statutory regulation of wages and the minimum wage in Latvia is defined in the “**Labour Law**” and in the “**Concept Paper on the Minimum Wage**”, while the Regulations of the Cabinet of the Ministers “**On the Minimum Monthly Salary and Minimum Hourly Payment Rate**” define the procedure for determining the minimum wage in the country.

The institutional system:

The **Ministry of Welfare** is responsible for the State policies defining the minimum wage and for policy in the spheres of social security, social assistance and social services. The policy is enforced either by State or municipal institutions or by institutions and organisations founded by those institutions acting as service providers in the area of social security. **The State Labour Inspectorate** with its regional branch offices enforces the State monitoring and control over the labour and employment laws and compliance with the legislative standards in workplaces, including the issue of remuneration for work.

The work of the State social insurance system and the State benefit system is ensured by the **State Social Insurance Agency** with its 33 regional branch offices. The implementation of State-specified tasks in the social services area is ensured by the **Social Assistance Fund**. Social assistance and the majority of care services in the respective local municipality for its residents are provided by **municipalities** with their structural units – with the help of **municipal social service and social care institutions**. On the other hand, **natural or legal persons** act as providers of specific social care, social rehabilitation and other services to the residents on the basis of their respective contracts with the State or the municipality.

Strengths:

(a) Social security, social assistance and social services systems are in place with strictly defined cost and service provision criteria and procedures and predefined service quality standards; (b) National pension reform in the country is complete; (c) All pensions have the defined minimum amount so that the payments that the persons receive from the social insurance (pensions) are higher than the State-provided social benefit payments in the event of the respective risks; (d) The State defines the minimum wage that needs to be observed by all employers; (e) In the social assistance system of the municipalities the income-testing principle has been embedded by determining the means-tested support for ensuring the guaranteed minimum income (GMI benefit payment) as mandatory; (f) State support (funding) is provided for training of professional social workers; (g) The social assistance service network is outlined and is being upgraded; (h) The local office network of the State Social Insurance agency is developed; (i) Poverty reduction is defined as the political priority at the national level.

Weaknesses:

(a) The weak tax administration results in insufficient tax collection and social insurance payments, which in turn result in insufficient resources to meet the needs of the social security system; (b) The low level of the minimum wage and the large number of recipients of the minimum wage; (c) The unemployment benefit payment does not have any minimum amount; (d) The currently defined GMI is too low for this support to be efficient and to promote the integration of its recipients into society and the job market; (e) Decisions on the level of State benefit payment and increases thereof are made mainly on the basis of “extra” resources in the budget; (f) Lack of an efficient monitoring and evaluation system to guarantee access to social assistance to all, especially to the most vulnerable, and a number of questions relating to the granting of social assistance are left to the municipality. This results in non-delivery of a large proportion of social assistance benefits to the respective target audiences – the poorest residents, and social assistance benefits as well as social services are often funded in accordance with the rule “if anything is left over”; (g) Insufficient number of professional social workers and municipal social assistance services; (h) Members of socially excluded groups are not sufficiently informed about the guarantees and support opportunities; (i) The speed of implementation of the Action Plan for the Concept Paper “Equal Opportunities for Everybody” is insufficient and unequal in different areas.

Required action:

Most immediate priorities:

(a) To increase the minimum pension; (b) The regular review of State benefits should be implemented in accordance with the legislation; (c) The income-testing principle needs to be strengthened in granting social support benefits together with an increase in the GMI; (d) To build up an efficient monitoring and evaluation system for social services; (e) Significant improvements are required in informing the members of socially excluded groups of their rights and the available assistance by using information channels accessible to these groups.

Medium- and long-term actions:

(a) To combat the payment of wages “in envelopes” and improve tax collection; (b) To increase the level of wages for employed persons in order to eliminate the risk of poverty for receivers of social insurance payments and decrease the burden on the social assistance system; (c) To promote the education of social workers; (d) To develop a social service network in municipalities; (e) To improve the social rehabilitation system and develop the system for diagnosing disability; (f) To ensure the careful monitoring of social security, social assistance and social services systems’ measures in order to assess their impact on social exclusion groups and their efficiency.

4.2.2. Education

Policy framework:

The “**Law on Education**” is the fundamental law of the education system. According to this law there are four educational stages in Latvia – pre-school education, basic education, secondary education and higher education. Each subsequent stage of education can be entered after successful completion of the previous stage. There are three kinds of education – general education, vocational education and academic education. Each kind of education is regulated

at a more detailed level by its own respective laws, such as the “**Law on General Education**”, the “**Law on Vocational Education**” and the “**Law on Higher Education Establishments**”. The special forms of general education are special education, social correction and pedagogic correction. On 17 October 2002, the Latvian Saeima adopted “**The Concept Paper for the Development of Education 2002-2005**”.

The “**Law on General Education**” stipulates that local governments within their administrative territory must ensure preparation of pre-school children for learning in the basic level of education. It also lays down that basic education is obligatory.

The proportion of paid higher education is increasing. The forms of State support for students are developing gradually, but children from social exclusion risk groups have very limited opportunities to use study credits, owing to the criterion prescribed for receiving them. Basic vocational programs are offered for those young people who haven't completed basic education. Students are admitted to these programmes without any limitations concerning previous education, but from the age of 15.

The institutional system:

The **Ministry of Education and Science (MoES)** is responsible for uniform state policy and development strategy in education.

There are **109 educational institutions and establishments under the supervision of the MoES**. Vocational education institutions are subordinated to five ministries but the higher education establishments are subordinated to six ministries. Private higher education establishments also exist.

Each **municipality** has the duty to ensure that the children residing within its administrative territory obtain pre-school education, primary education and secondary education as well as an opportunity to obtain education according to the child's special interests and to support extracurricular activities. **Regional and local municipalities** ensure vocational guidance of children and young people, organise education for adults and coordinate the protection of children's rights in the area of education.

In order to control education-related laws and regulations, the MoES supervises the **Inspectorate of State Education**.

Strengths:

(a) Comparatively high public education level on the whole, which means that there is good potential for future development; (b) Development of the Latvia Education Information System's infrastructure with the support of the State's financial investment for computer hardware purchase and linking-up to the Internet; (c) The optimisation of a network of educational institutions has been started; (d) The development of the system of teacher remuneration has been started; (e) A mechanism has been put in place to record school-age children, which will reduce the risk of them not attending schools; (f) The number of students enrolled in higher education is increasing year by year; (g) The regulations which enable orphans and children deprived of parental care to receive credits for studies have been eased.

Weaknesses:

(a) Disparities in the quality of education between urban and rural areas. The lack of high-quality and up-to-date education matching the trends in demand on the labour market, especially in the least-developed territories; **(b)** Different access to educational services for children with special needs and children from poor families or families at risk of social exclusion; **(c)** Residents, especially excluded groups, lack financial and material resources to ensure high-quality education for themselves and their children; **(d)** A low proportion of children with special needs are integrated in general education schools; **(e)** Lack of a policy document on continuing vocational education and adult education and the lack of access to lifelong learning opportunities for groups at risk of social exclusion because of insufficient financial resources caused by the disparity between statutory wages and the high costs of services such as transport; **(f)** Inadequate credit policy, which reduces education acquisition opportunities (for example, absence of guarantors for those people with the greatest need for such loans); **(g)** Large numbers of student drop-outs from basic education and vocational education; **(h)** The graduates from educational institutions lack practical skills and requisite knowledge, which makes their integration in the labour market difficult; **(i)** Insufficient supply of continuing education facilities (in terms of costs and quality) in areas of importance for national economic development; **(j)** Insufficient opportunities to continue education for persons who have interrupted their education at some stage of formal education; **(k)** Outdated educational infrastructure and equipment, which has a particularly negative impact on the quality of vocational education; **(l)** Inadequate replacement of the older generation of academic personnel, resulting in a slow-down of the development of science.

Action needed:

Most immediate priorities:

(a) To establish a coordinated educational development programme so as to increase the accessibility of vocational lifelong education for socially excluded groups and to use the EU Structural Funds to support such a development; **(b)** Integration of children with special needs in schools of general and vocational education; **(c)** The State and municipalities should play the main role of the guarantor in promoting access to loans for education; **(d)** The number of school drop-outs should be decreased, especially among those pupils who drop out of primary schools or secondary education, by putting in place correction classes and night-school networks as well as various kinds of distance learning opportunities; **(e)** Improving teacher training and curriculum development, particularly in vocational training, to meet the labour market's needs; **(f)** Improving the quality of education in science subjects and introducing science study programmes to make them more attractive for those considering further studies eventually; **(g)** To continue the development of educational content, promoting the use of IT in educational institutions.

Medium-term and long-term actions:

(a) To promote the work of social pedagogues in educational institutions; **(b)** To outline and to enforce a support programme for poor and low-income families in order to ensure access to education for children from these families and to widen adult educational opportunities (by concentrating primarily on single-parent families, families with unemployed parents or where parents receive the minimum wage); **(c)** To provide training for teachers which will enable them to gain the social skills and knowledge required for understanding the daily life of students from disadvantaged backgrounds; **(d)** To develop specialised education programmes for prisoners or for persons who have recently been freed from places of detention and to focus on building their social skills; **(e)** To develop the study credit system and social credit

system by promoting access to loans for young people from poor and low-income families; **(f)** To increase the role of the social partners in the development of State policy and to stimulate entrepreneurs to become involved in the development of education (e.g. through tax exemption for entrepreneurs who provide workplaces for students).

4.2.3. *Health care*

Policy framework:

The fundamental document regulating the organisation and funding of the health care system in the country and statutory relations between the health-care service providers and receivers is the Law **“on Medical Treatment”** and the resulting Regulations of the Cabinet of Ministers No 13 adopted on 12 January 1999, **“Regulations on Health Care Funding”**, the Pharmacy Law and the resulting Regulations of the Cabinet of Ministers No 428 **“Reimbursement Procedures for the Purchase of Medication, Medical Devices and Goods for Ambulatory Use”**.

In order to solve the existing problems in health care, several policy planning documents have been drawn up (**“Strategy for the Health Care of the Mother and the Child”**, **“Public Health Strategy”**, **“Strategy for Restricting the Spread of HIV and AIDS in Latvia”**).

According to legislation, the volume of State-guaranteed medical assistance is not related to the contribution payments by residents or taxes, but is based on the principle of residence. If a person has a legal status in Latvia, he or she is fully entitled to receive medical assistance. Immediate medical assistance is provided free of charge. Legislation provides for certain health-care service benefits for poor persons and socially unprotected population groups such as children, pregnant women and politically repressed persons, persons who suffered during the liquidation activities of the Chernobyl nuclear power plant and others.

Institutional system

The main responsibilities of the **Ministry of Health** are health care and public health policy and strategy development. The specialised State institutions, such as **the Narcology Centre, the AIDS Prevention Centre, the Psychiatry Centre, the Tuberculosis and Pulmonic Diseases Centre**, assist in the development and implement the State programmes for restricting socially dangerous diseases.

The main tasks of the **National Agency for Compulsory Health Insurance** and the **Territorial Sick Funds** is to administer national compulsory health insurance financial resources, to coordinate and to ensure access to health care.

The key tasks of **municipalities** in the health care area are to ensure the accessibility of health-care services for residents of their respective territory.

Health-care services for residents of the country are provided by **State, municipal and private health-care and treatment institutions**. The **Quality Control Inspection on Medical Care and the Experts’ Commission on Capacity for Work** protect patients’ interests and review complaints, applications and proposals in the areas of health care and temporary inability to work.

Strengths:

(a) Every resident of the country is guaranteed a minimum of health care that is available at the primary, secondary and tertiary levels; (b) Regional and national health-care plans have been drawn up that will eventually serve as the basis for health-care integration into a uniform system; (c) There is a system for the reimbursement of expenses arising from the acquisition of pharmaceutical and medical goods that is instrumental in providing access to pharmaceuticals for patients suffering from complicated and chronic diseases for which they are given outpatient treatment, thereby reducing social exclusion risks owing to a person's state of health; (d) The special State-financed programmes are in place for treatment of socially dangerous diseases (HIV/AIDS, tuberculosis, STD, mental diseases); (e) There is focus on the development of the primary health-care system in the country. Extensive public information campaigns have been devised to encourage signing up with a family doctor (general practitioner). Up to the year 2003 almost 90%³¹ of the total population had signed up with a doctor; (f) Since 2003 the principles for assigning the young medical professionals throughout the country have been changed. After the residency, the State maintains the right to send young doctors to regions in Latvia according to the needs at the time, thus guaranteeing access to medical professionals and health-care services in rural areas; (g) The Healthy Nutrition Strategy has been developed, giving information to the population about possibilities of healthy nutrition, taking into account the available financial resources.

Weaknesses:

(a) The lack of clarity and information about the State-guaranteed medical service minimum; (b) Information exchange and liaison between social and health care services is insufficient; (c) High mortality rates among patients suffering from malignant tumours and tuberculosis in the first year after diagnosis, which means that the diseases are not diagnosed in good time; (d) Treatment expenses are increasing gradually owing not only to economic but also to social factors; (e) Health and social care as well as rehabilitation service networks in the country are still insufficiently balanced in their development (in terms of both territorial coverage and the range of services offered); (f) The gap between the funding that is available for health and the actual cost of providing services is leading to a decrease in the availability of health-care services, resulting in the formation of queues for certain medical services; (g) Residents receiving health-care services contribute disproportionately high direct payments; (h) With the current working conditions and remuneration the shortage of medical professionals is increasing; this is particularly true among mid-level medical personnel. (i) Numerous health care system reforms are influenced by political factors and availability of financial resources.

Action required:

Most immediate priorities:

(a) It is important to increase the amount of information available to socially excluded groups (especially homeless people, ex-prisoners, pensioners living on their own) on their rights, State-guaranteed health care services and benefits for receiving these services; (b) The primary health-care system needs to be strengthened, reducing the number of patients per family doctor and increasing the number of family doctors and patient information and cooperation with family doctors, especially in the economically poorly developed regions; (c) In accordance with the financial resources allocated, the expenditure register of the State reimbursement system for medical products, medical appliances and goods should be

31 Data of the State Agency for Compulsory Medical Insurance.

supplemented by including new diagnoses of diseases and related medical products eligible for reimbursement, thereby increasing the number of patients with severe and chronic diseases who have access to necessary medicines on a regular basis; **(d)** Development of the emergency medical assistance system and the establishment of a uniform information and communication system and improving the delivery of emergency medical assistance to the rural population.

Medium- and long-term actions:

(a) To ensure a higher level of immunisation among socially excluded groups, especially children; **(b)** To enforce complex, risk-group-orientated prevention programmes and projects which cover socially unprotected groups of residents, specifically children, prison inmates, people with special needs, etc.; **(c)** To introduce uniform policy for drug and alcohol use prevention, treatment and rehabilitation and to involve the social partners in both these problem limitation measures; **(d)** To optimise the work of outpatient psychiatric assistance services, reducing the number of patients in hospitals and ensuring the reintegration of these patients into society; **(e)** To improve the cooperation between social assistance and health-care services, developing common programmes for reduction of social exclusion (for example, creating street services for work with drug addicts); **(f)** To develop health-care teaching in schools, thus building understanding about the importance of health-care maintenance and disease prevention from early childhood. **(g)** To develop a compulsory health insurance system which will ensure solidarity and fair access to services for every person who needs this kind of care; **(h)** To develop multifunctional day-care centres together with social assistance services where the members of social exclusion groups could have access to consultation or assistance provided by professionals (social worker, psychologist, medical worker, etc.); **(i)** To develop and implement a unified health-care programme for people with physical disabilities.

4.2.4. Housing

Policy framework:

The Concept Paper on Housing Policy defines as the main task of national housing policy the advancement of access to good-quality housing for all residents at a reasonable cost.

The Concept Paper on Development of the Credit System for Housing Construction, Reconstruction and Modernisation provides for the introduction of a mortgage loan system with the objective of promoting the building of private houses in cities, small towns and rural areas.

The key laws regulating housing-related issues are the “**Law on the Renting of Living Space**”, the “**Law on the Privatisation of State and Municipal Residence Houses**”, the “**Law on Apartment Possession**” and the “**Law on Municipal Assistance in Solving Apartment-related Problems**”.

There are an insufficient number of social houses and social apartments in Latvia. There are 877 social apartments and 66 social houses in Latvia (2003); 37 of them are located in the cities. Compared to 2002, the number of social houses has increased by 17%, but the number of social apartments has decreased by 4%.

Institutional system:

Housing policy is framed by **The Ministry of Regional Development and Municipal Affairs**. The issues of construction in Latvia are regulated by the Ministry of Economics. **The Ministry of the Environment** is responsible for the development of policy from the perspective of environmental concerns. The State Agency “Housing Agency” is responsible for the enforcement of housing policy.

In framing and enforcing policies, the Ministry of Regional Development and Municipal Affairs liaises with the **Union of Latvian Municipalities, the Association of the Large Cities** and the **Housing Development Advisory Board**.

Strengths:

Legislation contains provisions that protect socially excluded groups of residents or people subject to such risks against the loss of housing:

(a) Since 2002 the legal provisions do not allow the eviction of families with children on the basis of unsettled rent and public utilities payments without providing another dwelling; **(b)** Since 1997 the status of social housing has been defined along with the criteria and procedure for assigning such housing; **(c)** Since 1995 the obligation of municipalities is to grant housing benefits to families who are unable to fully cover rental and utilities payments; **(d)** It is the duty of municipalities to ensure housing for persons who have been freed from places of detention and for children without parental care, who return from long-term residence in social care institutions after coming of age (from children’s shelters and orphanages).

Weaknesses:

(a) The State strategy on social housing is not defined and housing funds are insufficiently developed; **(b)** The majority of social exclusion risk groups live in dwellings with fewer utilities and in aged buildings. Families with children often live in overcrowded apartments on account of their low income levels; **(c)** The income level of the majority of large families with children (especially single-parent families), pension recipients, families with long-term unemployed or several recipients of the minimum wage is too low to enable acquisition or building of a new apartment or a house. Members of these groups have no access to loans for house building or acquisition; **(d)** The comparatively high tariffs for heating and water supply resulting in high public utilities payments form a disproportionately large part of the expenditure of people with low or medium income; **(e)** Ageing housing funds; **(f)** Those residents who rent apartments in denationalised houses face, in addition to the above problems the problem of the abolition of the rental cost “ceiling” in these houses as from 2004 and they also face eviction if renovation works are planned.

The required action:

Most immediate priorities:

(a) To define the State strategy on social housing; **(b)** To increase the number of social houses and social apartments in order to meet demand.

Medium- and long-term actions:

(a) To reduce costs for utility payments and housing, using heating of houses more efficiently and to charge for hot water supply according to actual consumption, etc.; **(b)** To implement the fiscal policy in housing construction and renovation support; **(c)** To introduce financial

instruments for housing construction (various subsidies for social housing, guarantees for housing construction or improvement thereof, target loans and support programmes); **(d)** To outline and introduce assistance programmes for households unable to make payments for apartment rental and utilities charges; **(e)** For pensioners living on their own, a support programme is needed for coverage of the payment of housing rental costs, especially for the inhabitants of denationalised houses.

4.3. Preventing the risks of exclusion

4.3.1. E-inclusion

Policy framework:

The Strategic Guidelines of the Social Economic Programme “e-Latvia” stipulate the main directions of activities in the use of modern information and telecommunication technologies in Latvia. The programme is intended to increase sharply in quality the possibilities of access to the Internet, providing all kinds of local and global information content to every resident. One of its objectives is linking-up to the Internet all national libraries, schools and municipalities and installation of publicly accessible Internet terminals. Special attention is paid to remote areas and specially supported regions.

The main task of the unified information system of the municipalities is feasible and accessible provision of online services for everybody.

The aim of the State's policy is to avoid an increase in the gap between residents who know how to use new technologies and communication systems and those who lack access and the skills to use these technologies.

The Social Economic Program “e-Latvia” is under updating to include the guidelines of the Action Plan of EU Programme **e-Europe 2005**, the Action Plan of EU Accession countries **e-Europe +2003**, **taking into account** specific character of Latvia’s development and preparedness for creation of information society. Basic principles of the updating of programme are to establish human- orientated information society in order to enhance quality of life, to ensure profitable inclusion of everybody into information society.

The institutional system:

The Ministry of Transport coordinates implementation of the programme “e-Latvia”. **The Ministries of Economy, Finance, Education and Science, Culture, Welfare** and others, as well as the **regional development agencies** and **municipalities**, are involved in the implementation of the programme.

Strengths:

(a) Ongoing work on the implementation of the uniform information system of the municipalities that will significantly improve the service quality delivered to residents and will increase the speed of information acquisition in the municipalities; **(b)** State administration institutions and municipalities are introducing a “one-stop agency” approach that facilitates and shortens the time residents spend in waiting to receive various services; **(c)** Retraining and qualification improvement classes for unemployed persons focus on computer literacy, which is particularly important for members of the social exclusion risk groups.

Weaknesses:

(a) The level of school computerisation and the proportion of schools linked-up to the Internet is still low; (b) There are only a few municipalities and State institutions where services can be received electronically; (c) Poor people have insufficient information on public processes and the possibilities offered by the new technologies; (d) Insufficient computerisation of municipalities; municipal institutions and State institutions are still not connected in a network; (e) Low level of computer literacy, especially among the poor and social exclusion risk groups.

Action required:

Most immediate priorities:

(a) School computerisation programmes should be continued and aimed at full computer literacy obtained in all schools, all schools should also be connected to the Internet; (b) To plan and develop online services in national, municipal and private services; (c) All groups of residents should have opportunities to learn and to work with the new information technologies.

Medium- and long-term actions:

(a) Provision of distance learning and teleworking opportunities for people with physical disabilities; (b) Employers need to be stimulated to support their employees to train to use the new ICT; (c) Setting up of IT centres to ensure further regional representative access to information; (d) Acquisition of education and qualifications through distance learning for people with special needs and mothers during childcare leave, enabling them to use e-work opportunities eventually; (e) Online service development as one of the socialisation opportunities to maintain contact with elderly persons or people with motor disorders and hence with limited activities outside the home.

4.3.2. Support to families and children, strengthening of family solidarity

Policy framework:

The Concept Paper on “State Family Policy” describes the approaches to the framing of family support policy, outlines principles for the division of responsibility among the family, public and the State, and sketches out the possible institutional solutions for family support policy coordination.

The Law on the Protection of Children’s Rights stipulates children’s rights to living conditions and a favourable social environment that ensure fully-fledged physical and intellectual development. A child with special physical and mental needs has the right to everything required to satisfy those needs. The Law on “**Custody courts and parish courts**” specifies custody court (parish court) competence in the family support area, the provision of children’s rights, custody establishment, termination, selection and preparation of the foster families. **The civil law** defines the legal provisions pertaining to custody.

Separate measures providing support to families or individual members thereof are outlined in the **social security legislation**, as indicated in chapter 4.2.

Institutional system:

The Secretariat of the Special Tasks Minister on the Issues of Children and Families participates in drafting policy in the area of children's rights protection and children's and family rights areas and coordinates their enforcement. The **Council of Demographic and Family Issues** promotes a unified policy in the area of demographic and family support and coordinates implementation of demographic and family policy at all levels of public administration. The MoW is responsible for family and separate family member support under social security systems.

The tasks of the **municipalities** are to enforce children's rights and to control custody, guardianship and adoption cases as well as the settlement of issues pertaining to foster families.

Strengths:

(a) The level of understanding in society has increased and serious attention is paid to children's rights protection issues; **(b)** The target groups' problems are explored, the planning process for solving the problems has been initiated in a number of policy documents, such as the Guidelines of the National Plan "Latvia - Convenient for Children", the implementation of which will run until 2015; **(c)** The national machinery is established for developing family support policy and children's rights monitoring; **(d)** There is ongoing work pertaining to the implementation of the Concept Paper, the development of an institutional mechanism to support parents and to provide support in crisis and special (risk) situations; **(e)** Work has been started on the National Programme for support to young families and the Foster Family Support Concept Paper draft; **(f)** Families consider that the State family allowance and other forms of universal benefits are significant support to families; **(g)** There is an ongoing transition from institutional care to alternative services at home with the aim of ensuring and maintaining a family-like environment; **(h)** Active work of non-governmental institutions working on issues pertaining to children's rights protection and family support; **(i)** The national support programme for sexually abused children is operational.

Weaknesses:

(a) Institutional work is aimed at children in a crisis situation, i.e. tackling the consequences of problems, but does not focus on the prevention of the problems; **(b)** Availability of services for families largely depends on income and place of residence; **(c)** There is insufficient support for families in different crisis situations, for example, through the development of crisis centres etc.; **(d)** When developing individual care policies, their impact on the family is not analysed and considered; **(e)** The specialists involved who encounter family-related issues in their work lack the required skills and knowledge about working with the family as a whole; **(f)** The current procedure for obtaining alimony is not efficient. Failure to make alimony payments in the event of parental divorce is a popular phenomenon that significantly increases the poverty risk for the majority of women who raise their children alone; it also increases the workload of the social assistance system; **(g)** The role of custody courts for supervising children's rights is insufficient; **(h)** Extracurricular and leisure-time opportunities for families with children depend on their income; **(i)** Municipalities' housing funds are insufficient to provide families with affordable living space and the development of tenement houses is slow; **(j)** Shortcomings in infrastructure planning and installation impede the creation of a family-friendly environment;

Action needed:

Most immediate priorities:

(a) To stimulate professional social work development in municipalities, which would act as a preventive system for supporting families and persons who face poverty risk situations (not only in dealing with the consequences); (b) Municipalities in liaison with schools and the social assistance service should take appropriate care to ensure that children from poor families have access to kindergarten and to schools and to ensure that children from families at risk of social exclusion do not drop out of the pre-school and formal educational system; (c) An alimony fund needs to be established to ensure that children in divorced families have some financial support in cases when the payment of alimony is inadequate; (d) To increase the role and responsibility of the custody courts for supervising children's rights.

Medium- and long-term actions:

(a) Establish day-care centres for children where they could spend time and learn about their rights and acquire various skills useful in daily life; (b) Support system building for families in crisis situations - consultations on legal and social issues; provision of psychological assistance; (c) Development of the financial support system for large families with children is needed; (d) Develop support measures for low income families to promote their participation in cultural and educational events during their free time; (e) Put in place support measures for families with children with special needs; (f) Develop services to assist the reconciliation of work and family life (care for sick and elderly persons, subsidies for kindergartens for families with low incomes); (g) Develop in-service support programmes for young families with children to start an independent life; (h) Review the possibility of making income tax-deductible according to the income level and number of children or dependent persons per family.

4.4. Helping the most vulnerable

Some groups face a particularly high risk of social exclusion and need particularly targeted support. They include: people with disabilities, especially those who are unemployed; poor families, especially large families with children and single-parent families; orphaned children and former inmates of children's orphanages; homeless persons; vagrant children; Roma; victims of trafficking in human beings; ex-prisoners. European Community legislation prohibits discrimination on grounds of racial and ethnic origin in employment, education, social security, health care, housing and access to goods and services. Discrimination on grounds of religion or belief, age, disability and sexual orientation are also covered in the areas of employment and training³². The transposition and effective implementation of these directives should form a part of Latvia's strategy for promoting the integration of those exposed to discrimination on these grounds.

Policy framework

Support to the above-mentioned groups is provided in accordance with documents regulating labour matters, social benefits and social assistance (see 4.1, 4.2 and 4.3).

On becoming orphaned or being deprived of parental care, the child is provided with care. According to the principles laid down in the laws, for such children priority is given to care forms that are closest to a family environment – i.e. guardianship or foster families. Only in

³² Directives 2000/43/EC and 2000/78/EC.

cases when such care is impossible is the child placed in a care institution. Concrete guarantees are prescribed in legal acts for orphans or children deprived of parental care when they attain their majority.

The questions relating to protection of rights for people with disabilities are regulated by the law **“On medical and social protection of people with disabilities”**. This stipulates that disabled people have the right to receive assistance. It also covers the provision of opportunities for the integration of disabled people into society.

The Concept Paper **“Equal opportunities for everybody”** prescribes measures to overcome obstacles for an independent and fulfilled life for disabled people in society.

The State Probation Service was established in accordance with the Concept Paper **“On the State Probation Service”**. The Service at national level coordinates the execution of punishment and organises assistance for ex-prisoners..

The Law “On Municipalities” defines the functions of municipalities with regard to vulnerable groups. **Latvia’s Penal Code** prescribes criminal liability for trafficking in human beings. Latvia has acceded to several international agreements relating to combating trafficking in human beings.

Institutional system:

Different ministries and their subordinate institutions perform functions relating to the support of the most vulnerable groups. The Ministry of Welfare, the Ministry of Justice, the Ministry of Internal Affairs, the Secretariat of the Special Tasks Minister on Child and Family-Related Issues, as well as municipalities in their sphere of competence, are involved in framing of legislation.

The State Probation Service has been established. It is responsible for supervision of offenders in society and promotion of their social integration.

The social security system deals mainly with problems of disabled persons, poor families, orphaned children, former inmates of children's orphanages; homeless persons; these questions are come under the responsibility of the MoW and social services of municipalities. Municipalities and educational institutions are working together to tackle problems related to vagrant children.

Roma have the same rights and duties as all citizens of Latvia and thus in a situation of risk they have the same support defined in legislation as other citizens.

In other countries, representatives of Latvia’s Embassies and Consulates provide aid to victims of trafficking in human beings from Latvia. Within Latvia, support for victims of trafficking in human beings can be given under the social services and social assistance system.

The protection of children’s rights is ensured by custody courts (civil parish courts).

Strengths:

(a) A care system for orphans and children deprived of parental care and a social guarantee system for orphans or until a child deprived of parental care becomes an adult are in place; **(b)**

An occupational rehabilitation system for disabled people and a system for provision of technical support appliances have been established; **(c)** Support is provided for children from risk groups and children in crisis situations (including a pilot project “For Family Support”, telephone hotline, information campaign “Help a child to grow up”, work and recreational camps for risk-group children); **(d)** Social behaviour correction programmes are implemented in detention institutions; **(e)** A social guarantee system for ex-prisoners exists; **(f)** The State Probation Service has been established; **(g)** Activities to integrate Roma children into the general basic education system have been undertaken; **(h)** Several projects have been implemented by NGOs in cooperation with ministries to inform society about the problem of trafficking in human beings and related risks, as well as to provide support to victims of trafficking. Projects have been implemented with financial support from foreign and international organisations.

Weaknesses:

(a) The current social protection policy focuses insufficiently on socially excluded groups; **(b)** An insufficient number of social workers with appropriate knowledge and skills for working with particular socially vulnerable persons - homeless persons, vagrant children, victims of trafficking in human beings, ex-prisoners; **(c)** Cooperation between several institutions is poor; the institutions concerned have insufficient knowledge and experience for solving complicated problems and working as a team; **(d)** Children with special needs have limited opportunities to acquire a general and vocational education on account of an environment that is unfriendly to the disabled, the lack of technical appliances and special educational aids, as well as the insufficient preparedness of teachers; **(e)** Insufficient accessibility of information for people with sight, hearing and mental disorders; **(f)** There is a lack of institutional systems and programmes for gradual reintegration of ex-prisoners in society; **(g)** Demand for medical rehabilitation services is much higher than the supply from national budgetary resources; **(h)** Neither foster families nor guardians are provided with the required psychological and methodological support for child care; **(i)** Counselling and support systems for single-parent families are poorly developed; **(j)** Children raised in non-family institutions are poorly prepared for independent life when they come of age; **(k)** Drawbacks in the procedure of funding foster families and guardians do not stimulate the interest of municipalities to place an orphan or a child deprived of parental care in a foster family; **(l)** There is no developed and implemented mechanism for assistance to victims of trafficking in human beings in Latvia; the assistance can be delivered only as part of the social assistance system. There is no developed interinstitutional cooperation in providing assistance; specialists lack skills in work with victims of trafficking. Owing to the lack of information and understanding, persons endanger themselves by responding to untruthful announcements and by choosing illegal work abroad. As victims, they do not know where to look for assistance.

Action needed:

Most immediate priorities:

(a) It is essential to increase access to education for both children and adults from socially excluded groups; **(b)** Specialised programmes should be devised for the involvement of persons with special needs in the job market through increasing the number of State-funded workplaces and encouraging employers to hire persons with special needs; **(c)** The development of the State Probation Service; **(d)** Expansion of social work services development is required for the homeless and vagrant children in municipalities in order to help them to integrate into society and for children to return to their families; **(e)** To use the

potential of NGOs for supporting and continuing preventive measures, informing society about trafficking in human beings and the risks associated with this problem.

Medium- and long-term actions:

(a) To expand education acquisition and employment opportunities in places of detention; **(b)** To eliminate social exclusion and to increase transport and public space accessibility for persons with physical disabilities; **(c)** To promote the role of rural partnerships in solving local problems and in activating socially excluded people and re-integrating them into society; **(d)** To expand opportunities for using the State Employment Agency to obtain skills needed on the labour market; **(e)** To develop and update alternatives to institutional care for orphans and children deprived of parental care; **(f)** To implement national and municipal programmes for the integration of children who are orphaned and deprived of parental care after they come of age; **(g)** To continue supporting activities aimed at eliminating poverty and social exclusion among gypsies; **(h)** To introduce the State programme for combating trafficking in human beings and legal and social protection of victims; **(i)** The legal basis, national machinery and targeted services should be developed for the rehabilitation and legal and social protection of victims of trafficking; **(j)** Significant information should be prepared in a form that is accessible for people with sight, hearing and mental disorders; **(k)** Actions needed to motivate members of vulnerable groups to participate in measures offered by the State Employment Agency; **(l)** to increase support for the integration of people with intellectual disabilities into society in areas such as education, employment, social, recreational and cultural life and to develop enhanced supports and living facilities, to promote greater public awareness and to counter prejudice and discrimination.

4.5. Mobilising all relevant bodies

The development of the Joint Inclusion Memorandum on poverty and social exclusion and its further implementation is a serious challenge for Latvia. This requires the interest and active participation of all relevant parties. This will help to increase the level of knowledge and skills of the institutions for solving this problem and will improve cooperation and coordination.

As poverty and social exclusion are multidimensional and complex problems, coordinated and integrated co-working by the institutions and organisations involved and by individuals themselves is required at both horizontal and vertical levels. Even though significant work has already been done in Latvia on poverty appraisal and even though the Government in the year 2000 adopted the Concept Paper for Poverty Reduction, what has been achieved up to now cannot be viewed as sufficient.

The fight against social exclusion and poverty should be targeted at specific groups and aimed at solving concrete problems through a clearly defined division of responsibilities and obligations. To ensure that this is the case, policies and programmes need to be coordinated and initiatives planned in an efficient and strategic manner. The MoW is the institution that coordinates social inclusion and poverty reduction policy in Latvia and has been responsible for coordinating the preparation of the JIM. This involved bringing together representatives of relevant Ministries and experts in a working group. This experience has highlighted the need for a standing interinstitutional working group that will continue to coordinate efforts to tackle poverty and social inclusion. It will take the lead in the follow-up to the JIM and in the preparation of Latvia's first National Action Plan on poverty and social exclusion, which will have to be drawn up after accession to the EU in 2004.

Mobilisation and coordination improvement of the State, regional and municipal institutions

Until now the cooperation within various national levels has not been sufficiently active and coordinated. Each of the institutions described in the previous chapters, when implementing the functions delegated to it and performing tasks for poverty and social exclusion reduction, relies more on its own strengths and makes insufficient use of the advantages of cooperation and networking. Activities aimed at groups at risk of social exclusion have, until now, been fragmented and insufficiently focused and integrated to meet the needs of specific groups. They have mostly focussed on addressing the consequences and too little attention has been paid to preventive measures. The existing stereotypes that poverty and social exclusion reduction is solely a matter for social assistance needs to be discarded.

As was mentioned in chapter 4.2., the cooperation between the municipality, municipality social services and employment services at local level needs further improvement.

Monitoring and evaluation of the impact of policies and how efficiently they have been implemented needs to be undertaken. It is important that all ministries and municipalities when contributing to the development of policy analyse its impact on poverty and social exclusion. In this case, the support of the Policy Impact Assessment System developed by the State Chancellery should be mentioned, especially for social impact assessment. Support to local initiatives should be increased. Best practices should be popularised, enabling other municipalities and organisations to learn from and draw on valuable experience.

Social dialogue and partnerships

At national level there are regular ongoing consultations with the social partners on issues related to labour legislation, collective labour agreements and contracts, on the increase required in the minimum wage, on labour safety issues and similar questions. However, bilateral discussions at regional and area levels are proving to be problematic, as in the regions there are only a few organised structures of employers and trade unions. Actual cooperation between the social partners should therefore be encouraged on a national and regional scale, thereby enabling improvements in the conditions of workers and decreasing the risk of social exclusion. Employers should be encouraged to participate actively in the social inclusion process, *inter alia* by developing corporate social responsibility.

NGOs in Latvia and the involvement of the population in voluntary work have not yet gained intensity comparable to that in the countries of Western Europe. However, the contribution of NGOs in working with socially excluded groups is very valuable and significant. NGOs provide a number of social services that are directly aimed at reducing poverty and social exclusion. NGOs dealing with poverty and social exclusion should be involved in the consultation process of policy impact assessment. However, NGOs also face a number of problems, inadequate funding being the main one. To make full use of their potential for combating social exclusion, greater support should be given to non-governmental organisations. Their work should be popularised and the social responsibility of all the people should be advocated, thus stimulating increased involvement of citizens in reducing social exclusion. Networking with religious organisations should also be encouraged, as they too work to reduce poverty and social exclusion.

At local level NGOs could provide several social services for target groups as close as possible to the client's place of residence and create partnerships with local institutions.

Initiatives of regional and local municipalities, local communities and residents deserve particular support. An existing positive example is the “Rural Partnership Programme” in Latgale, which is supported by the Government of the United Kingdom. More rural partnerships at local level would bring together the public and private sectors, representatives of non-governmental sectors and local communities to coordinate and unite their work in reducing poverty and social exclusion.

Active and efficient NGO representation and community interest group representation should be ensured and extended to both various socially excluded groups and municipalities presently not reached by the activities.

The active participation of universities, researchers and mass media should be stimulated in researching issues of social exclusion, extending public information and encouraging public activity.

Stimulation of the participation of socially excluded resident groups

It is essential to include representatives of poor and socially excluded resident groups in framing and enforcing the respective policies and in policy outcome evaluation, and it is therefore necessary to create a system for reaching out to these socially excluded groups and involving them in their needs assessment and enforcement.

It is important that the problems and needs of these residents are communicated to the public at large through mass media, research results, national, regional and municipal institutions, organising meetings with representatives of the respective groups and through promoting the creation of networks among these groups.

At local level the above-mentioned “Rural Partnership Programme” trains and educates local volunteers for working with socially excluded, poor residents, involving them in various events, developing their initiative and trust in their ability, thereby encouraging their integration into public life.

One of the key problems that must be overcome if social exclusion is to be reduced is the lack of adequate information for people about their rights and obligations. This contributes to an overall lack of public confidence in the ability of State and municipal institutions to change and improve the current situation, as well as to a lack of trust by people in their own ability to improve their own living conditions. In order to eliminate these problems, society’s own resources for the provision of participation should be used together with the State administrative institutions’ measures for public information, involvement in decision-making and implementation. The support and information centres that are currently being developed for the local (rural) population could also play a role. Both the governmental and the non-governmental sector should stimulate motivation of the public to participate. At the level of an individual it is important to be aware of the available support. The involvement of the mass communication media in popularising best practices or experiences would therefore provide greater insight into possible problem-solving opportunities or possibilities to influence decision-making.

5. PROMOTING GENDER EQUALITY

The preparation of the JIM has served to highlight the need to pay more attention to the gender dimension of poverty and social exclusion. In this regard it is particularly striking that

at present the economic situation of women is less advantageous than that of men. This is best proved by the unequal situation in the job market. Inequality can be observed when analysing the status of employment along with the resulting remuneration for work (the average female salary is only 78.5% of the male salary per month). One of the factors cementing certain economic positions is the segregation of the labour market. The “female professions” (i.e. areas such as education, culture, social and health care) are lower paid than the “male professions” (such as manufacturing). This is also related to the fact that women more frequently choose jobs in state and municipal institutions that are lower paid but have higher social guarantees.

A high proportion of girls in the primary school age group choose cultural education and the youth work interest studies programmes (in 2002/2003, 70.5% and 60.4% respectively), but only 25.6% choose technical study programmes. Women thus choose studies in the areas of humanities and social sciences where the relatively low-paid professions are dominant. Taking into account the development trends of the information society and the lack of specialists, increasing the propensity of females to take courses that are more relevant to the information society will be important. This will lead them eventually into areas that are not only better paid and more flexible (for example, in terms of employment from home opportunities) but are becoming in increasingly high demand on the labour market.

Poverty in Latvia is particularly gender-related. Single-parent families face the largest poverty risk, as do those families with under-age children and where the mother is the breadwinner. As in the majority of cases the mother takes the responsibility for bringing up the children after the parents divorce, the feminisation of poverty emerges and children in these single-parent families face increased poverty risks. It is important to note that for women such poverty can last a lifetime. This is related to low remuneration, which affects the level of insurance payments and thus results in women receiving lower pensions.

To solve the issues related to gender inequality, the Government adopted the Concept Paper for the implementation of gender equality in Latvia in 2001. The target of the Concept Paper is to promote the effective, integrated and coordinated solving of gender issues at all levels through gender mainstreaming in the policy-making process.

In July 2002 the requirement to undertake an analysis of the extent to which any proposed legislation adheres to the provision of equal rights and opportunities for men and women was introduced. However, government officials do not have enough knowledge about gender equality issues and the criteria and methods needed to make such analyses. At present, the Ministry of Welfare is paying considerable attention to attracting external financial resources, so that at various national and municipal levels experts competent in working with gender equality issues can be trained, thereby enabling the integration of gender equality aspects in other policies.

A separate area that needs support and additional expertise is assistance from the European Structural Funds. Even though the Latvian Development Plan (the Single Programming Document) defines the promotion of gender equality as a horizontal priority, the Government has no instruments at present with which to achieve actual gender equality as opposed to formal equality in projects. The National Employment Plan in Latvia is prepared on the basis of the four-pillar system of the European Employment Strategy, where the fourth pillar “Equal opportunities policy provision” is devoted to gender equality issues. It is not the lack of policy documents or legislation but incomplete observation of the rules and implementation that should be regarded as the main gender equality problem on the labour market.

The main directions for action that should be implemented to ensure equal rights for men and women are: **(a)** to ensure female representation in decision-making and to promote gender balance in all spheres of public life; **(b)** to train experts on gender equality issues at various levels (State, municipal, private, public and social experts); **(c)** to stimulate public understanding of gender equality issues involving mass media and non-governmental organisations; **(d)** to organise events/efforts the objectives of which are related to public interest and especially that of politicians in gender equality-related problem-solving; **(e)** to ensure that statistical data are broken down to include a distribution by gender (comparable with EU accepted indicators) and to develop the monitoring and evaluation system for making systematic analyses of gender equality issues in all national economy areas, as well as of the causes and consequences of social exclusion.

Looking to the future it will be important to build the gender dimension into further work on poverty and social exclusion. In particular, it will be important to ensure that expertise on gender equality and gender mainstreaming is included on the interinstitutional working group that will follow up on the JIM and develop Latvia's first National Action Plan on social inclusion after accession.

6. STATISTICAL SYSTEMS AND INDICATORS

The general task of statistics, essential for a democratic society, is to provide all categories of users with appropriate statistical information. The Central Statistical Bureau (CSB) is a State administrative institution under the supervision of the Ministry of Economics. It is responsible for the organisation of statistical work in the Republic of Latvia and for timely, accurate, comprehensible and internationally comparable statistical information on economic, demographic and social phenomena in society and the environment, as well as for the compilation, analysis and publication of statistical information.

The CSB has made good progress over the past years in this area, resulting in improved infrastructure and compliance with EC statistical requirements. Many of the improvements and achievements in Latvian statistics in recent years have come as a result of Latvia's advancement towards the European Union and the introduction of the requirements of EU legislation. According to the self-assessment of the CSB, Latvia's compliance level with binding EU legal acts at the beginning of 2003 was as high as 90 per cent, of which 88 per cent were in social statistics. The goal of the CSB is to reach full compliance not only with the current European norms and standards but also with the newly developed *acquis*, and this remains the major objective. The main restriction impeding progress is the scantiness of available resources. Production of statistics in Latvia has been supported for quite some time from the **Phare** programme and it is necessary now to replace this with funding from the State budget.

The volume of the statistical *acquis* is already enormous and is going to grow even bigger in the near future. Its development follows the development of EU policies and has to reflect also the complexity and dynamism of these policies. For *demographic and social statistics* the system is mostly in line with the present *acquis*, closely related to EU labour market and social policy, but minor changes and extensions are needed to comply with the entire *acquis communautaire* by the date of accession.

One of the challenges for the CSB is to provide wide statistical information on *social cohesion*. Social cohesion is a multi-faceted phenomenon requiring transparent indicators,

good-quality and timely data on poverty and income dispersion. This is necessary for monitoring initiatives aimed at the eradication of poverty and social exclusion, as well as initiatives to promote employment and social integration.

The strategic medium-term objectives of the CSB in the domain of social statistics are as follows: **(a)** To produce a wide range of comparable, multidimensional social statistics and social indicators, including harmonised income distributions and related measures, with subsets of information on the dynamics of social processes; **(b)** To produce publications on social processes in the state; **(c)** To support developments in survey methodologies, including questionnaire design and implementation, sampling design, non-response aspects, imputations, longitudinal databases and so on.

In the last few years the CSB has tackled many development problems and an imposing body of work has resulted. This includes implementing new surveys and redesigning the existing ones. The list of statistical publications on different aspects in the social domain has lengthened.

In 2002 the CSB participated in the Eurostat project "Cooperation with Candidate Countries on Statistics on Income, Poverty & Social Exclusion". During this project the methodology was harmonised and poverty structural indicators for the years 1996-2000 were calculated anew and entered in the New Cronos database. In addition to this, Laeken indicators were calculated also for the year 1999. A second round of data collection has just been completed and results for 2002 are now available. Starting from 2002 the poverty statistical monitoring data set is placed on the CSB home page on the Internet and provides quick access to comprehensive poverty information (<http://www.csb.lv/Satr/nabdz.cfm>).

Notwithstanding the progress that has been achieved, the process of preparing the JIM has highlighted that information that would enable policy responses to be identified and developed in order to assist those who are most marginalised and excluded and who experience particularly severe integration problems is not produced in sufficient quantities. These people may include ex-prisoners, drug addicts, the homeless, street children or persons discharged from institutions. More information on regional and local variations in the risk of poverty and social exclusion or studies that would foster a better understanding of the varying situations of different ethnic or language groups would also be valuable. It is not sufficient to investigate such problems just by means of statistical methods. Coordination of the work of all those institutions that are in any way involved in the investigation of this problem is therefore highly necessary.

A number of problems have been encountered in the collection of social protection data according to the ESSPROS methodology. The difficulties include: **(a)** To divide some target groups of social protection systems by age group, by gender, by type of service; **(b)** To prepare the data on expenditure for allowances granted by employers; **(c)** To prepare the correct data on receipts for social protection systems, in particular on revenues of local government; **(d)** Some indicators are not being counted or are counted twice (concerns local government institutions in particular).

To meet the growing needs of advanced data users in the 21st century, the CSB of Latvia has prepared a modern strategy. The strategy covers the period up to the end of 2005. Success in the implementation of the new strategy depends to a great extent on the funding available from the State budget.

7. SUPPORT TO SOCIAL INCLUSION POLICIES THROUGH THE STRUCTURAL FUNDS

During the preparation of the JIM a number of priorities for action to tackle poverty and social exclusion were identified that are highly relevant to the priorities of the EU Structural Funds. These include: **(a)** Activities aimed at the promotion of employment and to increasing employability, enhancing the significance of formal education and lifelong learning and taking into account the factors which are important for successful inclusion in the labour market (accessibility of education and training, health, the development of the infrastructure in the regions, etc.); **(b)** Preventive measures for the eradication of social exclusion and poverty through active participation of all players; **(c)** The targeted measures for socially excluded risk groups and most vulnerable groups to increase the information about their rights and responsibilities and to promote the active participation of individuals in solving their own problems.

The essential task of the Priority "Development of Human Resources and Promotion of Employment" (HRD) is also to promote the inclusion of people from groups at risk of social exclusion in social and economic processes. The objective of the priority is to enhance the competitiveness and quality of the workforce through lifelong learning, regional and local development, information society, equal opportunities between women and men and to contribute to social cohesion and economic growth, employability and employment promotion.

The priority measures of ESF funding are: promotion of employment; development of education and continuing training; and combating social exclusion. The measure "Combating social exclusion" will contribute to the general objective of promoting social and economic inclusion of people from groups endangered by social exclusion. Support will be provided to improve the general situation of these groups by compensating for the lack of equal opportunities, enhancing the ability to compete in the labour market and increasing social, economic and territorial cohesion. Action under this measure includes prevention and mentoring activities as well as provision of social, employment, education and training activities: **(a)** training for risk groups endangered by social exclusion; **(b)** subsidised or sheltered employment and development of entrepreneurship and self-employment for risk groups endangered by social exclusion; **(c)** widening the scope of social rehabilitation programmes; **(d)** development of pedagogical correction programmes; **(e)** integration of youngsters with special needs into the general education system.

In keeping with the substance of this measure the following target groups are defined as being in need of additional support: people with disabilities; long-term unemployed; persons of pre-retirement age; youngsters with low basic skills and without work experience; persons released from imprisonment; parents re-entering the labour market after child care; large and single-parent families, women. Additional support for ethnic minorities will be targeted, if necessary, according to the results of research.

Support to social inclusion policies through the other Structural Funds (ERDF, EAGGF, FIFG) and the Community Initiative EQUAL is also envisaged.

The ERDF activities planned in the context of the measure "The Development of Education, Health Care and Social Infrastructure" will promote the accessibility and equal quality of the employment, social assistance, health and education services in all regions by enhancing service institutions. This is a need that was highlighted during the preparation of the JIM.

Also, the activities within the SPD priority aimed at “The promotion of entrepreneurship and innovations” will support the implementation of key priorities identified in the JIM.

On the basis of the analysis and strategy presented by the draft Single Programming Document (SPD) for 2004-2006, as well as the specific issues and target groups agreed in the JIM process, Latvia will implement the following EQUAL themes- “Gender equality”, “Improvement of employability” and “The integration of immigrants and asylum seekers into labour market”. In addition to the social risk groups identified by the JIM and the SPD, asylum seekers as a target group are going to be addressed in EQUAL (in accordance with the EQUAL guidelines).

8. CONCLUSIONS

The reduction of poverty has been identified as one of the priority tasks of the Government of Latvia since 1998. In the light of this, the Government is fully committed to becoming involved in the EU's social inclusion process, the open method of coordination on poverty and social exclusion, after accession. It sees this as an opportunity to further strengthen and deepen its efforts to tackle poverty and social exclusion.

Despite the Government's commitment to poverty reduction, the lack of a clearly defined policy framework and the lack of a mechanism to promote cooperation between agencies on social exclusion and poverty reduction issues have had a negative impact on the current situation. Although several activities are carried out in different policy areas which either directly or indirectly promote social inclusion, essential improvements in the situation of the groups at risk of social exclusion have not been achieved. The drawing up of the Joint Inclusion Memorandum (JIM), with its integrated and multisectoral approach to solving the problem, can therefore be considered as a crucial step forward in the development of policies to reduce social exclusion in Latvia. This approach is based on the common objectives agreed by all Member States and involves mainstreaming and integrating concerns with poverty and social exclusion across all relevant policy areas - economic, employment and social. The main principles of the policy development in the JIM are already included in the various policy planning documents. The task in preparing this political document has been to develop the interaction among all policy areas in order to reduce poverty and social exclusion.

The main groups at risk of social exclusion and the key challenges facing Latvia were all identified during the process of preparing the JIM. Existing policies were assessed and priorities for developing future policies and actions and also for strengthening the institutional machinery and capacity for tackling poverty and social exclusion were identified. A key finding to emerge is that the quality of education and employment opportunities are the main factors which influence the standard of living of inhabitants and therefore also the risk of social exclusion. However, the education system at the moment has not adjusted to the requirements of the labour market that have come about as a result of the structural changes in the national economy. Although the unemployment level is tending to decrease, it remains comparatively high and the essential regional differences in unemployment levels still exist. Polarisation of incomes is increasing and the number of inhabitants who have low incomes is high. It is clear from the comprehensive and multidimensional approach adopted in the JIM that there is much to be done and actions and policies will need to be developed progressively as resources become available. The scale of the challenge reinforces the need for a long-term and strategic approach involving all relevant players.

The Government of Latvia and the European Commission have identified the following as the most urgent challenges in relation to tackling poverty and social exclusion:

- to increase quality, accessibility and cost effectiveness of education, with particular emphasis on adapting education and training to be more relevant to the modern labour market and on tackling the problem of young people dropping out of school;
- to reduce the high levels of unemployment, especially long-term unemployment amongst young people and those of pre-retirement age and to further expand measures for promoting employment, paying special attention to rural areas and to such groups as disabled people, ethnic minorities, ex-prisoners, adults from large and single-parent families and other socially vulnerable groups and to undertake further research to better understand and identify the situation of these groups;
- to ensure an adequate income for inhabitants so as to ensure everyone has the opportunity to maintain human dignity while at same time strengthening links between the social protection system and active labour market measures in order to assist as many people as possible into work and to avoid long-term dependency on benefits.

In the light of the analysis undertaken in this report, the Government of Latvia and the European Commission have agreed that the most immediate policy priorities in relation to tackling poverty and social exclusion are:

- to make education more relevant to the modern labour market by: promoting the coordinated development of education so as to increase the accessibility of vocational lifelong education, especially for socially excluded groups and by using the EU Structural Funds to support such a development; improving the quality of education in science and introducing science study programmes to make them more attractive for those considering further studies; continuing to promote the use of IT in educational institutions; developing integrated approaches to reducing the numbers of young people leaving school early with no or low-level qualifications;
- to expand and adequately resource active labour market measures aimed particularly at those who are at most risk of long-term unemployment. Such training and retraining programmes should also give special attention to people working in areas of the national economy whose existence is subject to future risks (e.g. agriculture, fishing and farming) and should take into account the accessibility of such retraining programmes in rural and coastal areas with above-average levels of unemployment. The development of integrated and coordinated intersectoral cooperation and partnership at local level (State and municipality institutions, NGOs, employers) targeted at the inclusion in the labour market of members of socially excluded groups will also be important;
- to ensure an adequate minimum income for all by implementing the principles defined in political documents for the regular increase of the minimum wage, State benefits and pensions as well as increasing the amount of municipal social assistance benefits for the poor, and to pay particular attention to the position of families with three or more children and single-parent households with one or more dependent children;
- to define and implement a State strategy for social housing.

In implementing the priorities and approach identified in the JIM, the Government recognises that a long-term approach is required and that there is a need for the continued coordination of policies and actions in relation to poverty and social exclusion and the active involvement of all relevant ministries, NGOs and social partners. It will delegate responsibility for this coordination to the Ministry of Welfare. The existing working group responsible for drafting the JIM will provide the basis for a working group to draft Latvia's first National Action Plan on social inclusion, which the Government is committed to preparing for submission to the European Commission in 2004. To ensure the harmonisation of the JIM with the Single Programming Document, the Joint Assessment Paper and Equal, an interinstitutional working group or advisory council with representatives of the highest level of management could be developed. Such an institutional mechanism can ensure effective monitoring and evaluation of the JIM and help to bring forward the most appropriate political priorities for the existing situation. It can also ensure that they will be mainstreamed and implemented in the different policy domains and lead to the State's sustainable development.

ANNEX I

Table 1. Employees according to their gross monthly wages and salaries (excluding payments not made on a regular basis)

	Employees, '000	% of total
Total	334,8	100,0
of which calculated wages and salaries, lats:		
59.99 and less	3,3	1,0
60.00 (minimum in 2002)	76,4	22,8
60.01 – 70.00	36,2	10,8
70.01-80.00	23,6	7,1
80.01 – 100.00	33,6	10,0
100.01-120.00	21,8	6,5
120.01-149.99	23,6	7,0
150.00	5,6	1,7
150.01-200.00	33,1	9,9
200.01-250.00	22,9	6,9
250.01-300.00	16,8	5,0
300.01-400.00	16,5	4,9
400.01-500.00	8,4	2,5
500.01-600.00	4,5	1,4
600.01-1000.00	6,0	1,8
1000.01-5000.00	2,5	0,7
over 5000.00	0,0	0,0

Source: CSB, Reports of enterprises and institutions

Note: Survey data concern employees in the main job who worked full-time for a full month.
(October 2002, private sector)

Table 2. Ratios of economic activity, employment and job-seekers

	2001	2002
Ratio of economically active population to the total population	67,9	68,8
Males	72,8	73,9
Females	63,3	64,1
Ratio of employed population to the total population	58,8	60,5
Males	62,1	64,3
Females	55,8	57,0
Ratio of job-seekers to the economically active population	13,3	12,1
Males	14,7	13,1
Females	11,9	11,0

Source: CSB, Labour Force Survey

Note: annual average; age 15-64 years; in%

Table 3. Economically active population by educational qualification

	2001	2002
Total	100	100
Higher education	19,7	20,1
Secondary education	62,6	64,4
Of which:		
Vocational education and professional secondary education	38,8	39,5
General education	23,8	24,9
Basic	16,4	14,4
Incomplete basic education and no formal education	1,3	1,1

Source: CSB, Labour Force Survey

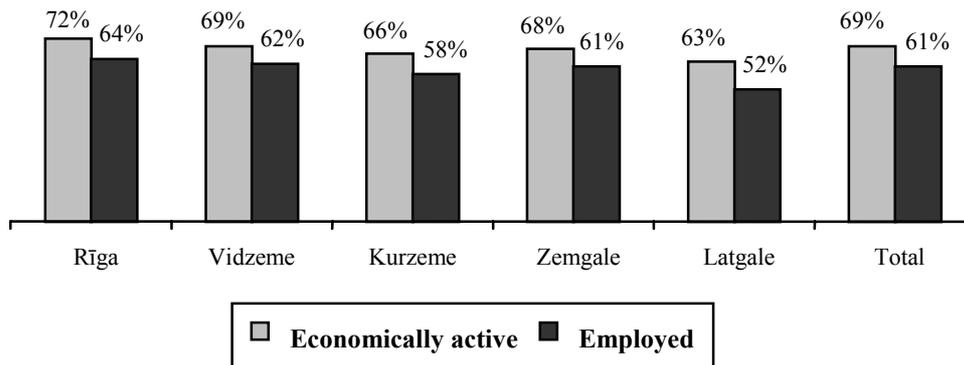
Note: annual average; age 15-64 years; in %

Table 4. Employed population in the main job by level of education

	2001	2002
Total	100	100
Higher education	21,5	21,6
Secondary education	62,4	64,3
Of which:		
Vocational education and professional secondary education	39,2	39,9
General education	23,2	24,4
Basic	15,0	13,2
Incomplete basic education and no formal education	1,1	0,9

Source: CSB, Labour Force Survey

Note: annual average; age 15-64 years; in %

Figure 1. Employed population by region

Source: CSB, Labour Force Survey

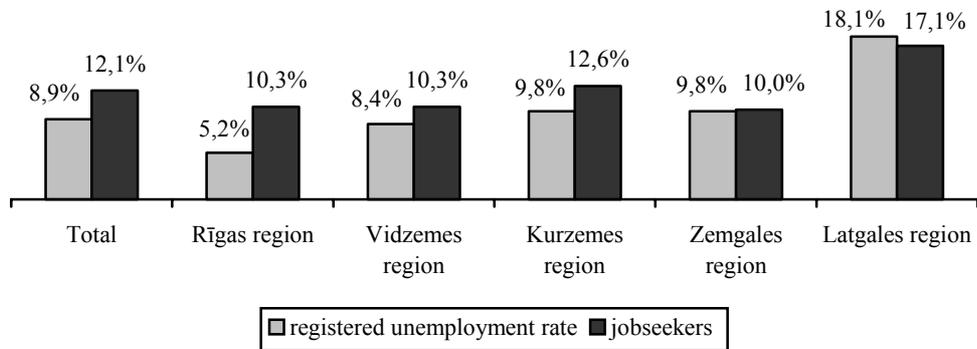
Note: 2002 average; age 15-64 years; in %

Table 5. Job-seekers by educational qualification

	2001	2002
Total	100	100
Higher education	8,2	9,0
Secondary education	63,9	65,5
Of which:		
Vocational education and professional secondary education	36,3	36,6
General education	27,6	28,9
Basic	25,3	23,2
Incomplete basic and no formal education	2,6	2,3

Source: CSB, Labour Force Survey

Note: annual average; age 15-64 years; in %

Figure 2. Registered unemployment rate and job-seekers by region

Source: CSB, Labour Force Survey; State Employment Agency

Note: 2002 average, as % of economically active population

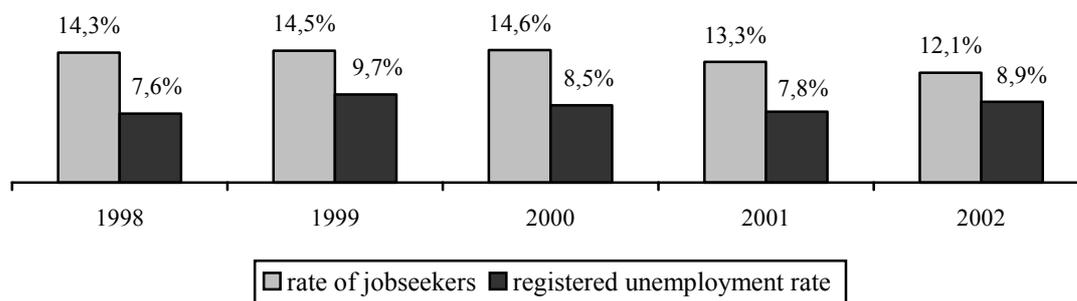
Table 6. Employed population in the main job by kind of activity

	1996	2001	2002
Total employed	949	962	989
Of which:			
Agriculture, hunting and forestry	159	143	147
Fishing	5	2	6
Industry	206	186	193
Construction	51	68	60
Retail and wholesale trade, repairing	117	151	148
Hotels and restaurants	16	22	24

Source: CSB, Labour Force Survey

Note: annual average; '000

Figure 3. Ratio of job-seekers to the economically active population

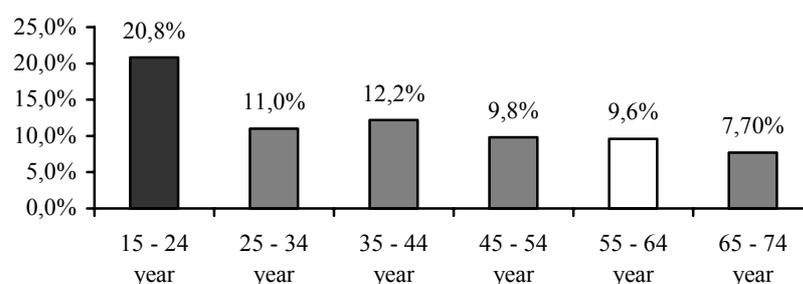


Source: CSB, Labour Force Survey; State Employment Agency - registered unemployment

Note: annual average; in %

Beginning in 2002, the unemployment rate is recalculated using data from the Labour Force Survey on the economically active population aged from 15 years to the retirement age.

Figure 4. Proportion of job-seekers in the economically active population by age group



Source: CSB, Labour Force Survey

Note: in 2002; annual average; in %

Table 7. Population by educational qualification

	Economically active	Employed in the main job	Job-seekers	Economically inactive
Total	100	100	100	100
Higher education	20,1	21,6	9,0	7,3
Secondary education	64,4	64,3	65,5	45,3
Of which:				
Vocational education and professional secondary education	39,5	39,9	36,6	20,3
General education	24,9	24,4	28,9	25,0
Basic	14,4	13,2	23,2	36,5
Incomplete basic and no formal education	1,1	0,9	2,3	10,9

Source: CSB, Labour Force Survey

Note: in 2002; annual average; age 15-64 years; in %

Table 8. Proportion of population by economic activity and ethnicity

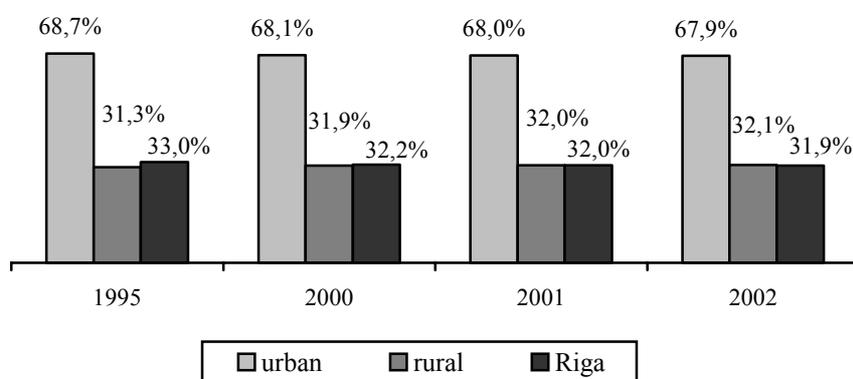
	Ratio of employment			Ratio of job-seekers			Ratio of economic activity		
	Total	Latvians	Other nationalities	Total	Latvians	Other nationalities	Total	Latvians	Other nationalities
Total	60,5	63,0	57,0	12,1	9,9	15,2	68,8	69,9	67,3
Rīga region	64,0	66,2	62,1	11,3	9,3	13,0	72,1	73,0	71,3
Vidzeme region	62,1	63,8	55,3	10,6	9,6	14,8	69,4	70,5	65,0
Kurzeme region	57,7	61,0	49,1	12,7	9,7	21,5	66,2	67,5	62,5
Zemgale region	61,0	63,9	54,6	10,4	9,6	12,2	68,0	70,7	62,2
Latgale region	52,0	54,4	50,2	17,1	13,0	20,0	62,7	62,5	62,8

Source: CSB, Labour Force Survey

Note: 2002 average; age 15-64 years; in %

ANNEX II

Figure 1. Resident population - urban, rural and Riga



Source: Central Statistical Bureau of Latvia
Note: at the beginning of the year; in %

Table 1. Resident population

	1995	2000	2001	2002
Total	100	100	100	100
Of which:				
Males	46,2	46,1	46,1	46,0
Females	53,8	53,9	53,9	54,0
Of which:				
Under working age	20,9	18,0	17,3	16,6
Of working age	56,4	58,9	60,3	60,8
Over working age	22,7	23,1	22,4	22,6

Note: at the beginning of the year; in %
Source: Central Statistical Bureau of Latvia

Table 2. Resident population by ethnicity

	Total	Riga region	Vidzeme region	Kurzeme region	Zemgale region	Latgale region
Total	100	100	100	100	100	100
of which:						
Latvians	58,2	45,4	83,3	73,1	69,9	43,4
Russians	29,2	40,2	11,1	16,1	17,6	40,2
Belorussians	4,0	4,5	1,8	2,3	4,2	5,9
Ukrainians	2,6	3,8	1,1	2,9	2,0	1,5
Poles	2,5	2,0	0,9	0,8	1,7	7,2
Lithuanians	1,4	0,9	0,5	3,0	3,1	0,6
other ethnicities	2,1	3,2	1,3	1,8	1,5	1,2

Source: Central Statistical Bureau of Latvia
Note: at the beginning of 2002; in %

Table 3. Natural increase

	1995	2000	2001	2002
Births	8,7	8,5	8,3	8,6
Deaths	15,7	13,6	14,0	13,9
Natural increase	-7,0	-5,1	-5,7	-5,3

Note: per 1 000 inhabitants

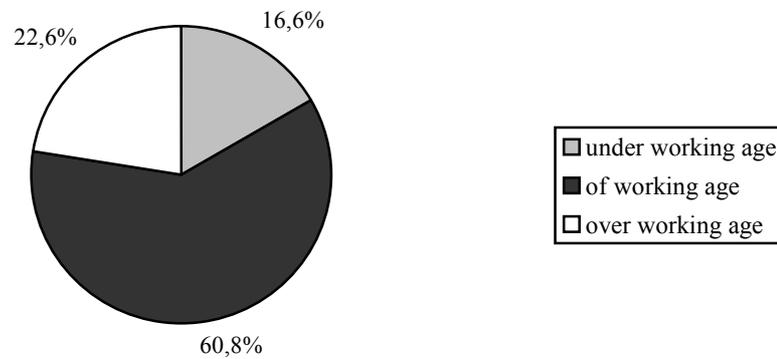
Source: Central Statistical Bureau of Latvia

Table 4. Resident population by major age group and level of demographic burden¹

	Total	Riga region	Vidzeme region	Kurzeme region	Zemgale region	Latgale region
Total	100	100	100	100	100	100
Of which:						
Under working age	16,6	14,4	18,9	18,4	18,8	16,6
Of working age	60,8	62,3	59,1	59,8	60,1	59,9
Over working age	22,6	23,3	22,0	21,8	21,1	23,5
Level of demographic burden²	646	606	692	673	664	668

Source: Central Statistical Bureau of Latvia

Notes: (1) at the beginning of 2002; in %; (2) Average number of persons under working age and over working age per 1 000 persons of working age.

Figure 2. Resident population by major age group

Source: Central Statistical Bureau of Latvia

Note: at the beginning of 2002; in %

Table 5. Males and females by major age group

	2002	
	males	females
Total	46,0	54,0
of which:		
Under working age	51,1	48,9
of working age	50,1	49,9
Over working age	31,4	68,6

Source: Central Statistical Bureau of Latvia

Note: at the beginning of 2002; in %

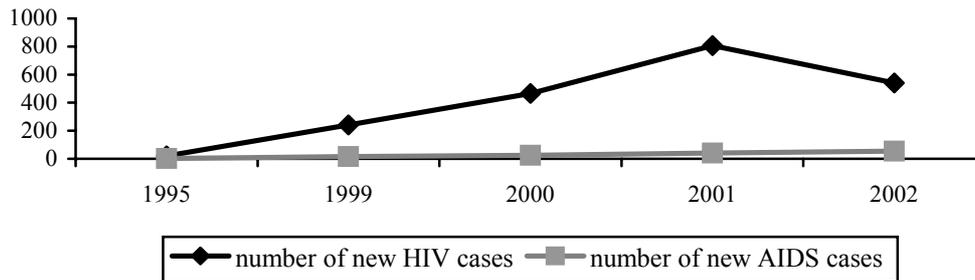
ANNEX III

Table 1. Dynamics of new HIV and AIDS cases

	1995	1999	2000	2001	2002
Number of new HIV cases	21	241	466	807	542
Number of new AIDS cases	3	17	24	42	55

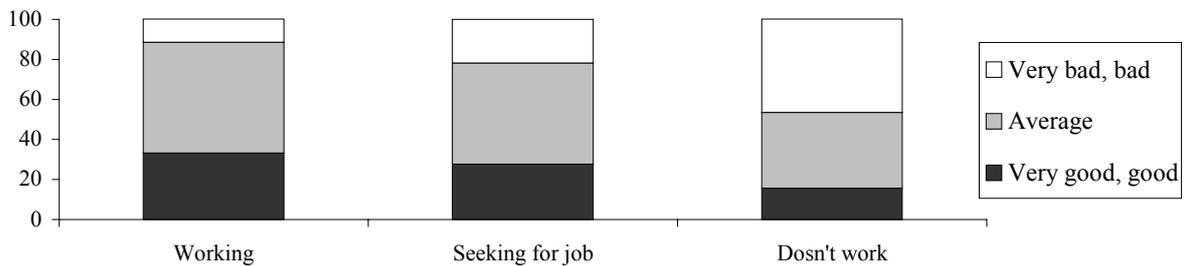
Source: AIDS Prevention Centre

Figure 1. Dynamics of new HIV and AIDS cases



Source: AIDS Prevention Centre

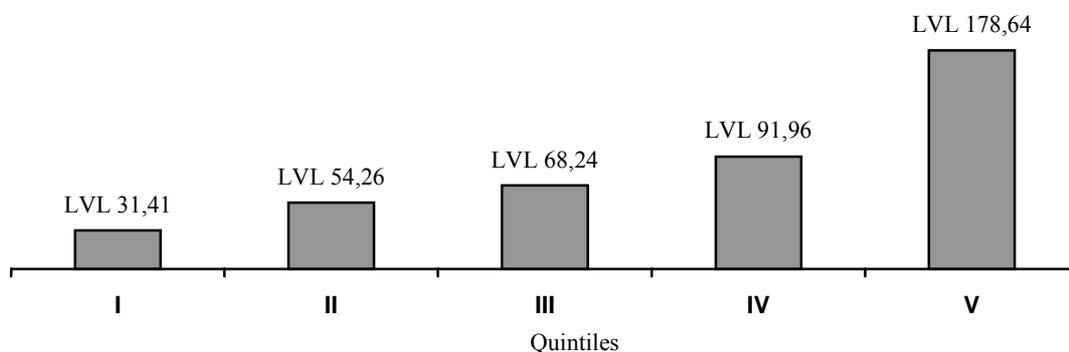
Figure 2. Health self-assessment by employment



Source: CSB, Living Conditions Survey 1999
Note: in 1999; in %

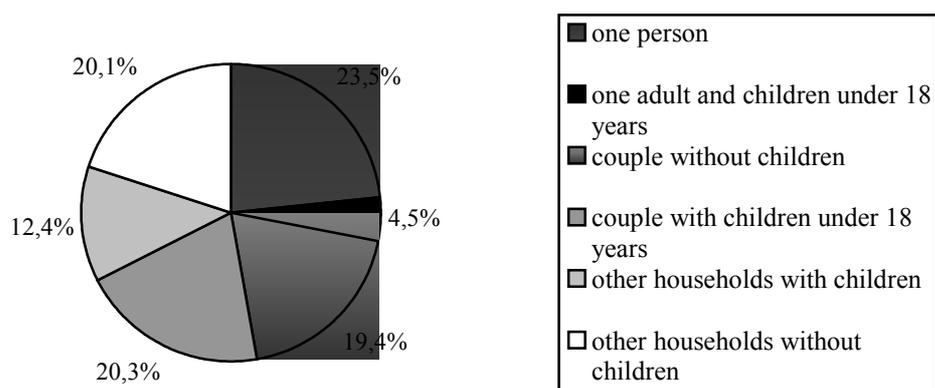
ANNEX IV

Figure 1. Disposable income of households by quintile



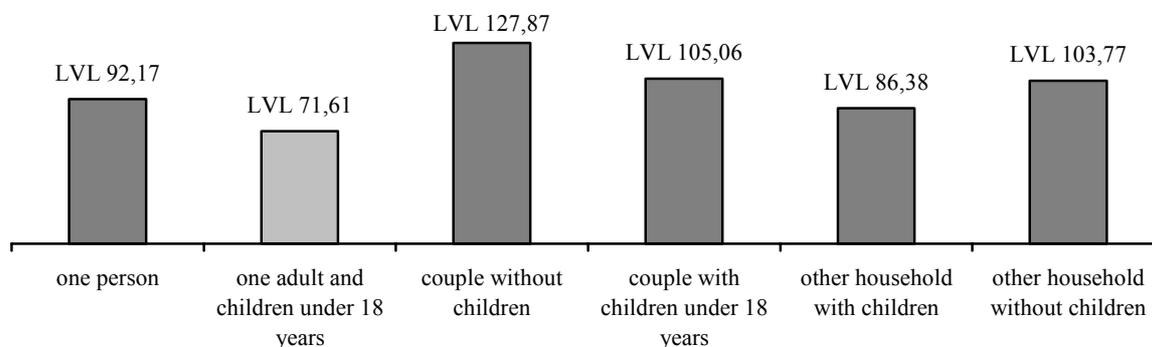
Source: CSB, Household Budget Survey
 Note: in 2002, average per household member per month, lats

Figure 2. Distribution of households by demographic group



Source: CSB, Household Budget Survey
 Note: in 2002, in %

Figure 3. Disposable income of households by demographic group



Source: CSB, Household Budget Survey
 Note: in 2002, average per consumption unit per month, lats

Table 1. Disposable income of households by demographic group

	One person	Pensioner	One adult with children	Couple		Other households	
				without children	with children	without children	with children
Disposable income, average per household member per month, LVL	92,17	72,17	54,37	108,74	75,74	83,91	62,41
Disposable income, average per household member per month, EUR	158,10	123,8	93,26	186,52	129,91	143,93	107,05

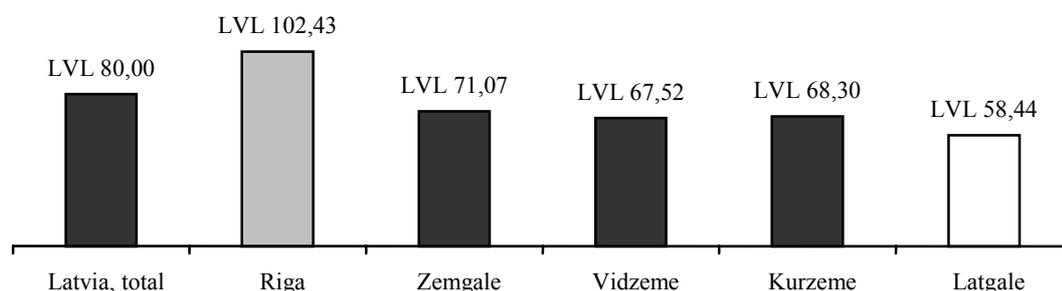
Source: CSB, Household Budget Survey
Note: in 2002, per household member, monthly

Table 2. Disposable income by region

	1996	2000	2002
All households	51,50	69,19	80,00
Kurzeme region	49,49	59,85	68,30
Zemgale region	51,03	62,78	71,07
Latgale region	44,09	48,94	58,44
Vidzeme region	47,82	62,29	67,52
Rīga region	55,81	82,76	102,43

Source: CSB, Household Budget Survey
Note: per household member, monthly, lats

Figure 4. Disposable income of households by region



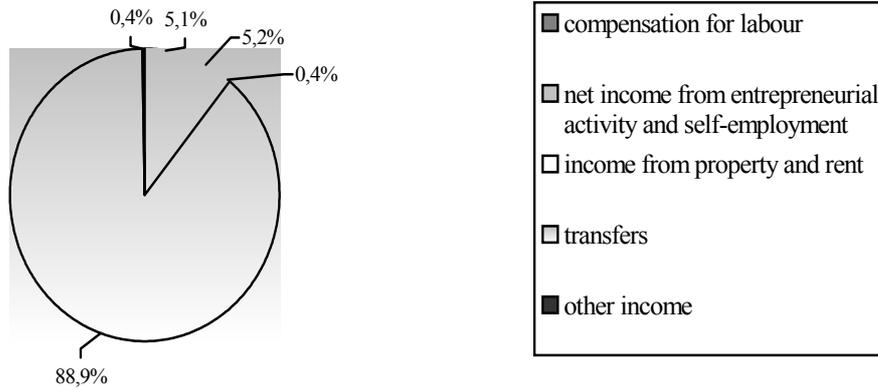
Source: CSB, Household Budget Survey
Note: in 2002, per household member, monthly, lats

Figure 5. Disposable income of households by socio-economic group



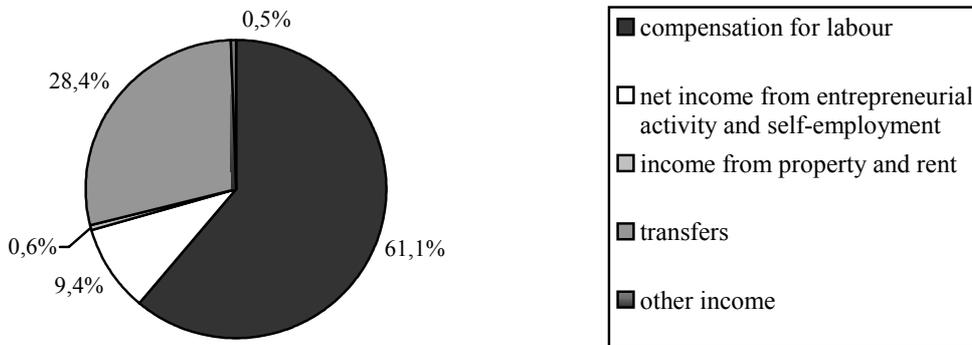
Source: CSB, Household Budget Survey
Note: in 2002, per household member, monthly, lats

Figure 6. Pensioner's households' disposable income structure



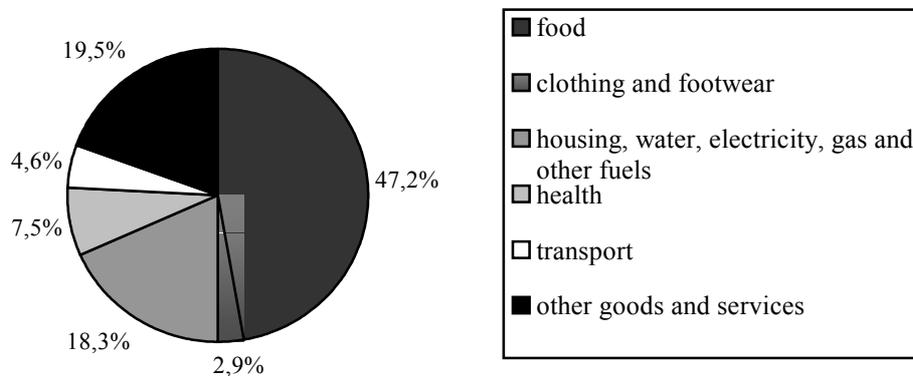
Source: CSB, Household Budget Survey
 Note: in 2002, in %

Figure 7. Structure of disposable income of household



Source: CSB, Household Budget Survey
 Note: in 2002, in %

Figure 8. Pensioner's household expenditure structure



Source: CSB, Household Budget Survey
 Note: in 2002, in %, per household member, monthly

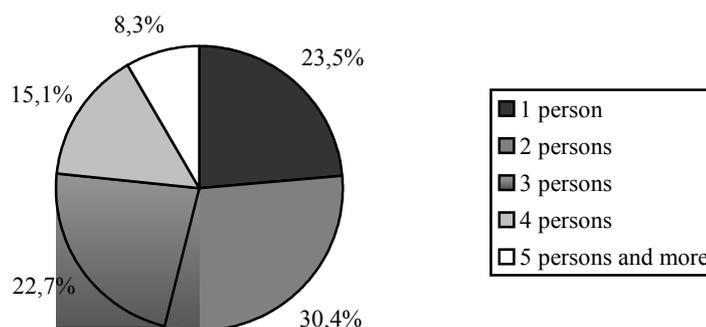
Table 3. Structure of household consumption expenditure

	1996	2000	2002
Household consumption expenditure	100	100	100
Of which:			
Food and non-alcoholic beverages	52,2	37,5	35,2
Alcoholic beverages and tobacco	2,5	2,8	3,4
Clothes and footwear	5,8	6,6	6,8
Maintenance of household	14,7	16,8	13,0
Furnishing, household equipment	2,6	4,9	4,4
Health	3,8	4,2	3,2
Transport	6,2	7,7	9,7
Communication	1,4	5,4	5,9
Recreation and culture	4,3	6,4	6,5
Education	0,8	1,0	1,5
Restaurants, cafes, hotels	2,5	2,5	5,6
Miscellaneous goods and services	3,2	4,2	4,8

Source: CSB, Household Budget Survey

Notes: (1) in %, per household member, monthly; (2) The disposable income of the household (net income) - the sum of income in kind and in cash that the household has received after settlement of taxes and other compulsory payments and can be used for consumption, other needs and saving.

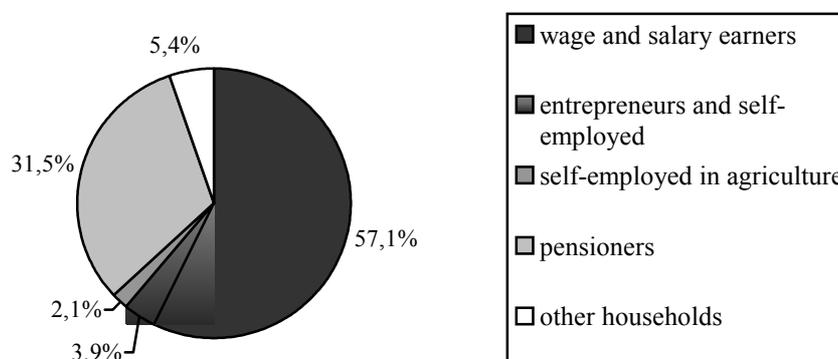
Figure 9. Distribution of households by size



Source: CSB, Household Budget Survey

Note: in 2002, in %

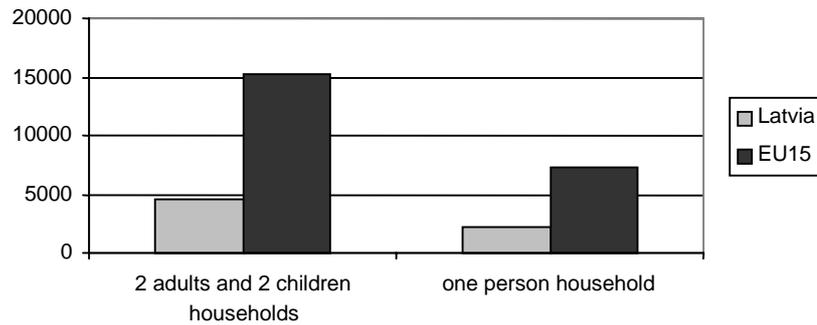
Figure 10. Distribution of households by socio-economic group



Source: CSB, Household Budget Survey

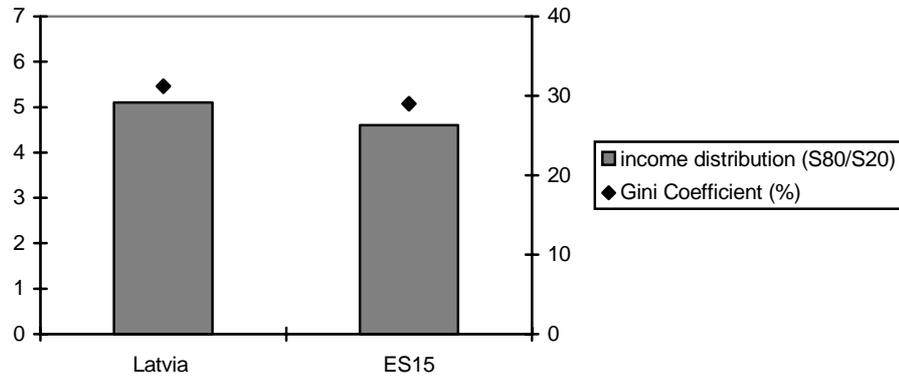
Note: in 2002, in %

Figure 11. Risk-of poverty threshold (PPS) for 1999



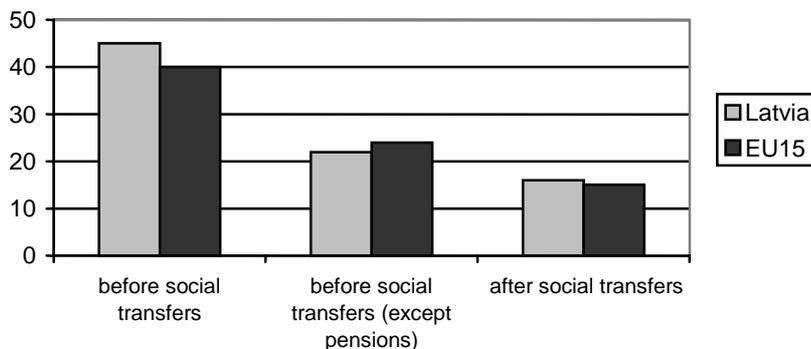
Note: Eurostat, EU-Member States: European Community Household Panel; Latvia - Household Budget Survey. The EU averages are calculated as a weighted average of national results (where each country receives a weight that equals its total population).

Figure 12. Income quintile share ratio s80/s20 (left-hand scale) and Gini coefficient (right-hand scale) for 1999



Note: Eurostat, EU-Member States: European Community Household Panel; Latvia - Household Budget Survey. The EU averages are calculated as a weighted average of national results (where each country receives a weight that equals its total population).

Figure 13. Risk-of-poverty rate before and after social transfers for 1999



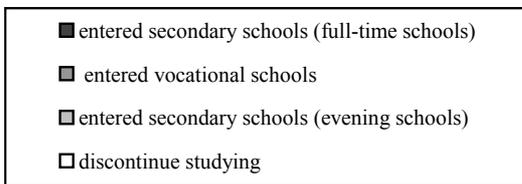
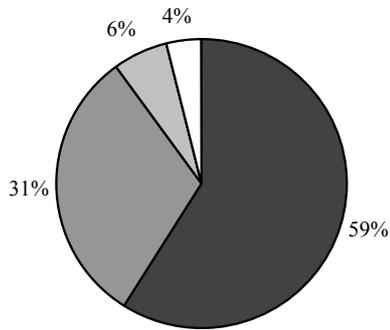
Note: Eurostat, EU-Member States: European Community Household Panel; Latvia - Household Budget Survey. The EU averages are calculated as a weighted average of national results (where each country receives a weight that equals its total population).

Table 4. Main monetary poverty indices (Laeken)

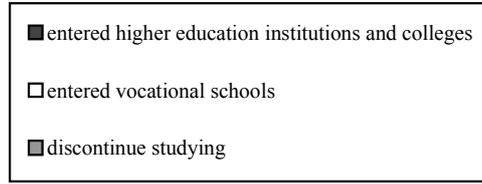
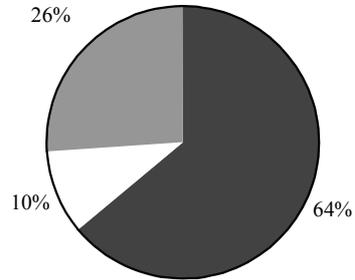
	EU15 2001	Latvia	
		1999	2002
Risk-of-poverty rate (%)			
After social transfers (60% threshold)	15	16	16
Before social transfers (income including pensions)	23	22	24
Before social transfers (income excluding pensions)	40	45	43
40% threshold	5	6	5
50% threshold	9	10	9
70% threshold	23	24	26
Income distribution (income quintile share ratio) S80/S20	4.4	5.1	5.5
Gini coefficient (%)	28	31	34

ANNEX V

Figure 1. Basic school-leavers in 2002



-Figure 2. Secondary school-leavers in 2002



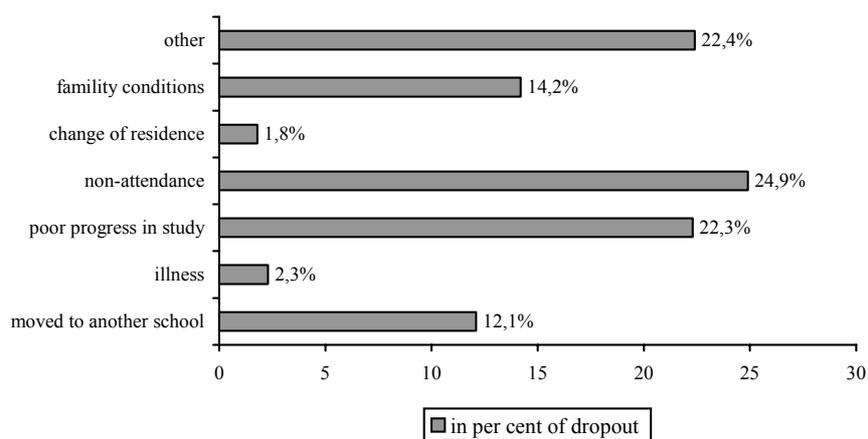
Source: Central Statistical Bureau of Latvia (includes those leaving special schools)

Table 1. Vocational school drop-outs

	Drop-outs 2000/2001	Drop-outs 2001/2002
Total	7001	6862
Of which from:		
1 st year	3394	3185
2 nd year	1783	1810
3 rd year	1101	1181
4 th year	633	593
5 th year	90	93
Reasons for drop-out:		
Moved to another school	808	827
Illness	186	158
Poor progress in studies	1648	1526
Non-attendance	1584	1711
Change of residence	213	124
Family conditions	976	977
Other	1586	1539

Source: Central Statistical Bureau of Latvia

Figure 3. Vocational school drop-outs - by reason



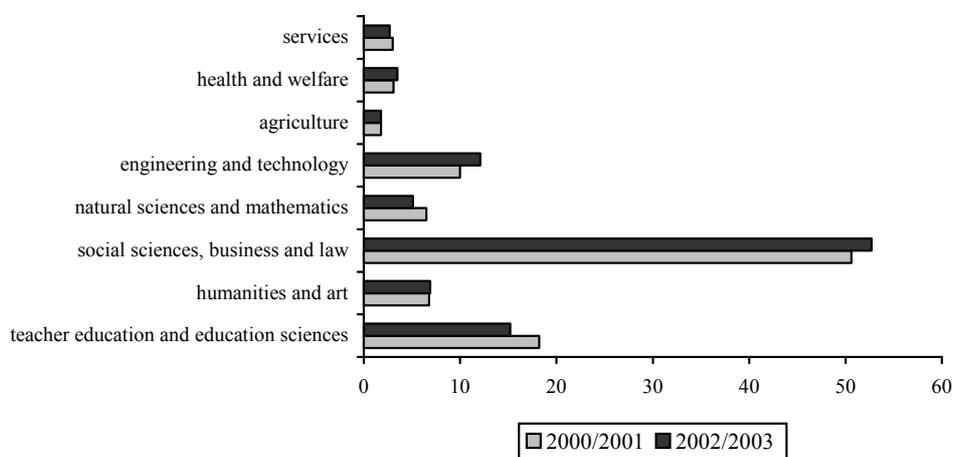
Source: Central Statistical Bureau of Latvia
Note: in 2001/2002

Table 2. Students by field of study

	2000/01	2001/02	2002/03
Enrolment	101270	110500	118944
Teacher training and education sciences	18480	17859	18067
Humanities and art	6867	7794	8176
Social sciences, business and law	51263	56391	62725
Natural sciences and mathematics	6592	7905	6090
Engineering and technology	10128	11320	14398
Agriculture	1795	2025	2108
Health and welfare	3091	3940	4168
Services	3054	3266	3212

Source: Central Statistical Bureau of Latvia
Note: at the beginning of school year

Figure 4. Students by field of study



Source: Central Statistical Bureau of Latvia
Note: in %, at the beginning of school year

Table 3. Enrolment and leavers from the 9th grade, 12th grade and vocational classes in special schools and grades

	1999/2000	2000/2001	2001/2002
Enrolment in general special schools and grades¹	8475	10250	10169
9th grade graduates	886	881	965
Of which:			
With certificate	851	838	916
Without certificate	35	43	49
12th grade graduates	70	46	53
Of which:			
With certificate	69	46	52
Without certificate	1	-	1
Vocational class graduates	199	205	207
Of which with qualifications	167	134	150

Source: Ministry of Education and Science

Note: from the school-year 2000/01 the residential sanatorium-type schools are included in the number of special schools

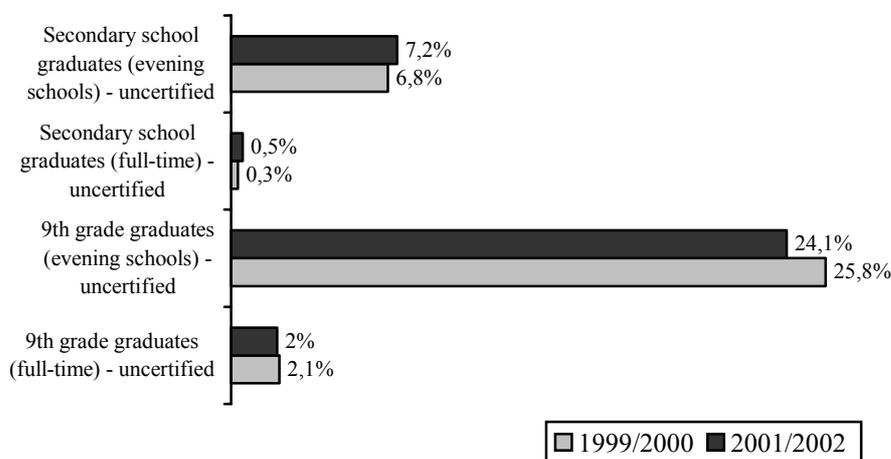
Table 4. Number of general school-leavers

	1999/2000	2000/2001	2001/2002
9th grade graduates			
Full-time schools	25882	25966	31169
With certificate	25336	25370	30556
Without certificate	546	596	613
Evening schools	1351	1146	918
With certificate	1003	848	697
Without certificate	348	298	221
Secondary school graduates			
Full-time schools	14035	16271	16523
With certificate	13990	16209	16440
Without certificate	45	62	83
Evening schools	3568	3789	3951
With certificate	3326	3569	3667
Without certificate	242	220	284

Source: Ministry of Education and Science

Note: excluding special schools

Figure 5. General school-leavers without certificate



Source: Ministry of Education and Science
 Note: excluding special schools, as per cent of all leavers

Table 5. Drop-outs by grade groups in general full-time schools

	1999/2000	2000/2001	2001/2002
Total	9572	9727	9056
Of which:			
Grades 1 - 4	3468	3322	2925
Grades 5 - 9	4124	4473	4128
Grades 10 - 12	1980	1932	2003

Source: Ministry of Education and Science

Table 6. Boarding schools and general schools with boarding facilities¹

	2000/2001	2001/2002	2002/2003
General schools	1074	1066	1052
Boarding schools ²	18	18	18
Enrolment in boarding schools	4554	4511	4175
General schools with boarding facilities	234	195	173
Number of pupils living in boarding schools	4794	4681	4016

Source: Ministry of Education and Science
 Note: (1) at the beginning of school year; (2) excluding special schools

Table 7. Pupils with specific needs¹

	2000/2001	2001/2002	2002/2003
Rehabilitated children, continuing studies in general schools	115	168	89
Mentally and physically handicapped pupils in general full-time schools (Note: excluding special schools and classes)	1223	1287	1663

Source: Ministry of Education and Science
 Note: at the beginning of school year

ANNEX VI

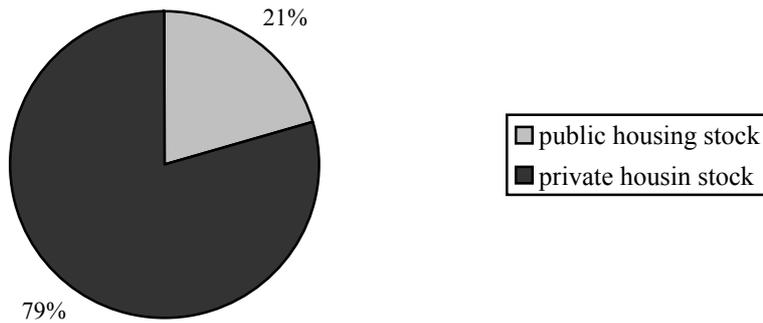
Table 1. Housing stock¹

	1990	1995	2000	2001
Housing stock - total	52,9	52,7	53,4	53,5
Public	36,6	26,2	12,7	11,0
Private	16,3	26,5	40,7	42,5
Average per inhabitant, m²	20,4	22,2	22,6	22,8
Urban housing stock - total	33,8	34,1	34,7	34,8
Average per urban inhabitant, m²	18,4	20,1	21,5	21,8
Rural housing stock - total	19,1	18,6	18,7	18,7
Average per rural inhabitant, m²	23,3	24,3	25,0	24,8

Source: Central Statistical Bureau of Latvia

Note: at the end of the year; total floor space; mln. m²

Figure 1. Housing stock¹



Source: Central Statistical Bureau of Latvia

Note: at the end of 2001; total floor space; mln. m²

Table 2. New residential buildings¹

Year	Buildings completed, total	Investors, of which		
		Central and local government enterprises and organisations	statutory companies and public organisations	private persons
1990	807,6	465,0	219,0	123,6
1995	218,6	8,4	38,0	172,2
2000	191,1	0,7	9,4	181,0
2001	188,5	-	1,4	187,1

Source: Central Statistical Bureau of Latvia

Note: (total floor space; '000 m²)

Table 3. Social apartments in 2001¹

	Social apartments, units	Total floor space , m2	Living rooms, units	Families, single, number	Persons, number	of which:	
						pensioners	children
Total	910	32277	1488	945	2054	435	686
Cities and towns	785	26441	1257	807	1820	340	630
Rural areas	125	5836	231	138	234	95	56

Source: Central Statistical Bureau of Latvia
 Note: at the end of the year

Table 4. Social houses in 2001¹

	Social houses, units	Total floor space , m2	Living rooms, units	Families, single, number	Persons, number	of which:	
						pensioners	children
Total	56	67840	1854	1650	2653	1220	534
Cities and towns	36	62280	1648	1529	2455	1136	489
Rural areas	20	5560	206	121	198	84	45

Source: Central Statistical Bureau of Latvia
 Note: at the end of the year

Table 5. Apartments with public utilities in 2001

	% of total apartments
Apartments with public utilities:	
Piped water	83,2
Sewerage	77,0
Central heating	65,0
Fixed bath or shower	67,3
Hot water supply	56,3
Gas supply	87,3
Electricity	98,7

Source: CSB 2000 Population Census
 Note: at the end of the year per cent of total number of dwellings

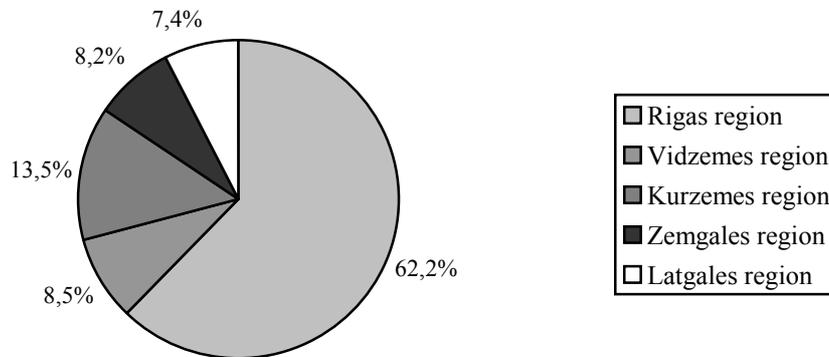
ANNEX VII

Table 1. Gross domestic product

	Total, '000 lats	
	at current prices	at average prices of 2000
1995	2329418	3361988
1996	2807284	3485728
1997	3269498	3777708
1998	3592157	3957451
1999	3889658	4069798
2000	4348340	4348340
2001	4812596	4693365
2002	5194657	4978093

Source: Central Statistical Bureau of Latvia

Figure 1. Gross domestic product by region¹



*Source: Central Statistical Bureau of Latvia
Note: in 2000, % distribution*

Table 2. Income approach of gross domestic product¹

	1998	1999	2000	2001	2002
Gross domestic product	3592,1	3889,7	4348,3	4812,6	5194,7
Compensation of employees	1743,5	1863,8	1965,3	2066,9	2221,7
Wages and salaries	1407,2	1484,4	1564,6	1684,3	1805,4
Employers' social contributions	336,3	379,4	400,7	382,6	416,3
Taxes on production and imports	547,2	556,5	570,5	610,7	637,3
Subsidies (-)	45,6	59,8	47,5	34,6	42,6
Operating surplus and mixed income, gross	1347,0	1529,2	1860,0	2169,6	2378,3

*Source: Central Statistical Bureau of Latvia
Note: at current prices; mln lats*

Table 3. Volume indices of gross domestic product¹

	2000	2001	2002
Total	106,8	107,9	106,1
Per capita	107,6	108,8	106,9

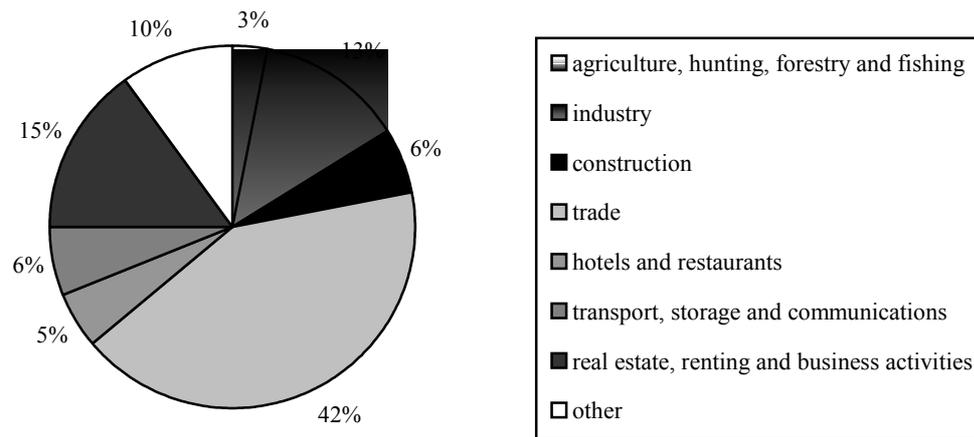
*Source: Central Statistical Bureau of Latvia
Note: at constant prices, as % of the previous year*

Table 4. Consumer price changes¹

	2000	2001	2002
Total	2,6	2,5	1,9
Food	1,5	4,5	3,3
Non-food goods	2,2	0,8	0,9
Services	5,4	2,0	1,3

Source: Central Statistical Bureau of Latvia
Note: (1) as % of the previous year

Figure 2. Economically active enterprises and business companies by main kind of activity¹



Source: Central Statistical Bureau of Latvia
Note: in 2002, % distribution

Table 5. Social expenditure¹

		1998	1999	2000	2001
Gross domestic product (GDP)	• mln LVL	3592,2	3889,7	4348,3	4812,6
Social security	• mln LVL	481,6	529,8	559,3	574,8
	• % of GDP	13,4	13,7	12,8	11,9
Incl Social insurance²	• mln LVL	429,5	472,6	500,7	513,5
	• % of GDP	11,9	12,2	11,5	10,7
Universal State benefits	• mln LVL	52,1	57,2	58,6	61,3
	• % of GDP	1,5	1,5	1,3	1,2
Social assistance	• mln LVL	13,7	13,7	14,3	15,5
	• % of GDP	0,4	0,4	0,3	0,3
Health care³	• mln LVL	148,5	159,6	154,3	163,5
	• % of GDP	4,1	4,1	3,5	3,4
Social services (social care, rehabilitation)	• mln LVL	18,6	21	22,1	23,2
	• % of GDP	0,5	0,5	0,5	0,5
Employment³	• mln LVL	29,9	47,5	39,7	41,4
	• % of GDP	0,8	1,2	1,0	0,87

Source: Ministry of Finance, Ministry of Welfare estimates
Note: (1) at current prices; (2) and (3) both basic budget and special budget expenditures.

Table 6. Foreign investment stock in the fixed capital of enterprises registered in Latvia¹

	2000	2001	2002
Total	832,2	1065,8	1172,1
By kind of activity:			
Industry	181,3	236,5	244,3
Transport and communication	198,9	204,3	204,6
Financial intermediation	187,3	191,9	189,3

Source: Central Statistical Bureau of Latvia
Note: at the end of the year; mln lats

ANNEX VIII

Table 1. Labour force participation rate by age¹

Year	1996		2002	
	women	Men	women	men
15-24	44,1	60,0	33,6	44,2
25-49	84,8	91,7	82,3	89,9
50-64	45,2	67,8	53,6	67,4
65-74	9,7	17,6	9,4	18,2
15-64	65,3	78,7	64,1	73,9

Source: CSB, Labour Force Survey

Note: proportion of women and men in labour force

Table 2. Population aged 15-74 years by economic activity¹

	Women	Men
Employed	484,3	504,6
Job-seekers	59,6	74,9
Inactive population:	426,6	267,8
Of which:		
Students	98,7	87,6
Non-working retired	210,9	100,8
Housekeepers	44,6	6,7
Other	72,4	72,7

Source: CSB, Labour Force Survey

Note: in 2002, per 1 000 population

Table 3. Employed aged 15-74 years by employment status¹

	Women	Men
Total	100,0	100,0
Employees	88,2	84,3
Employers	1,5	4,8
Self-employed	5,8	6,6
Family workers	4,5	4,2
Others	-	-

Source: CSB, Labour Force Survey

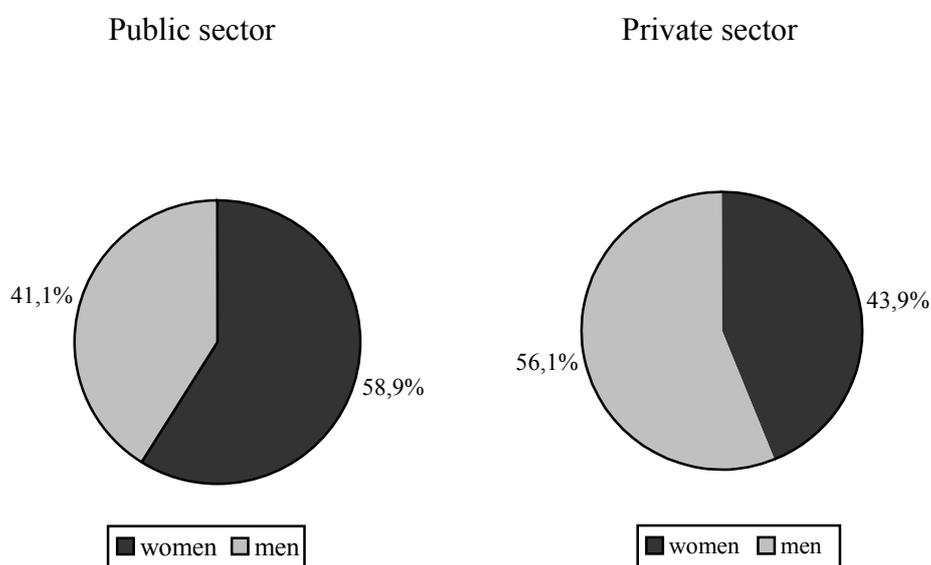
Note: in 2002, in %

Table 4. Average monthly gross wages and salaries by kind of activity¹

	Average wage and salary (in LVL)	Of which:		women's wage and salary as % of men's
		women	men	
Total	173	146	179	81,5
Agriculture, hunting and forestry	134	113	135	83,7
Manufacturing	169	136	169	80,3
Construction	141	119	129	92,8
Retail and wholesale trade, repairing	125	104	143	73,1
Transport, storage and communication	217	182	215	84,7
Real estate, renting and business activities	197	165	212	78,0
Public administration and defence; compulsory social security	231	208	207	100,8
Education	173	155	168	92,3
Health and social work	146	131	156	84,1

Source: CSB, Reports of enterprises and institutions
Note: in 2002

Figure 1. Employed population aged 15-74 years by sector¹



Source: CSB, Labour Force Survey
Note: in 2002, in %

Table 5. Employed women in the main job by kind of activity as % of total employed population in the main job¹

	in %
Total employed	48,9
Of which:	
Agriculture, hunting and forestry	37,4
Fishing	33,3
Industry	39,4
Construction	10,0
Retail and wholesale trade, repairing	59,5
Hotels and restaurants	83,3
Transport and communications	31,4
Financial intermediation	61,5
Real estate, renting and other business activities	44,7
Public administration and defence; compulsory social security	45,6
Education	78,4
Health and social work	85,0
Other community, social and personal services	58,5
Private households with employed persons	60,0

Source: CSB, Labour Force Survey

Note: in 2002, '000

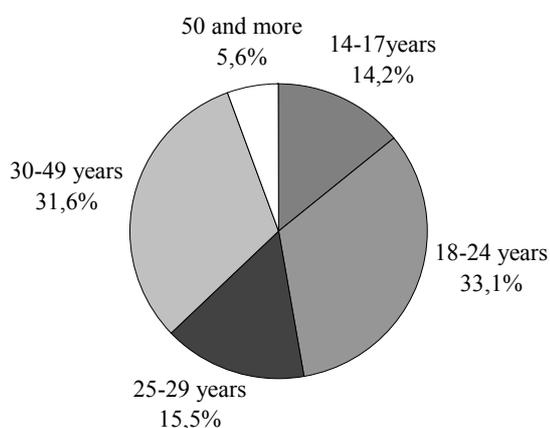
ANNEX IX

Table 1. Composition of offenders¹

	1995	2000	2001	2002
Of the total number of offenders				
Juveniles	15,2	17,6	16,3	15,6
Females	8,8	10,6	10,9	11,0
Persons who have previously committed crimes	40,1	37,8	42,3	41,2
Persons belonging to a criminal group	44,7	36,7	34,3	30,7
Persons in a state of drunkenness	47,6	39,7	37,6	39,0
Persons not working and not studying	72,1	61,7	62,3	59,8

Source: Ministry of Interior Affairs
Note: in %

Figure 1. Age structure of convicted persons¹



Source: Ministry of Justice
Note: in 2002, in %

Table 2. Socially vulnerable families¹

	Total	Riga region	Vidzeme region	Kurzeme region	Zemgale region	Latgale region
Number of socially vulnerable families	9435	2404	1823	1594	1853	1761
% by region	100	25,5	19,3	16,9	19,6	18,7
Number of children in socially vulnerable families	19609	3605	4328	3785	4255	3636
% by region	100	18,4	22,1	19,3	21,7	18,5

Source: Social Assistance Fund of the Ministry of Welfare
Note: at the beginning of 2002

ANNEX X

Table 1. Computerised enterprises¹

	Total		Of which			
			with number of employees ≥10		with number of employees <10	
	2000	2001	2000	2001	2000	2001
Total	38,0	46,5	72,7	77,2	26,8	36,4
Manufacturing, trade, transport and business service enterprises	37,2	45,8	73,6	77,7	26,7	36,5
Manufacturing (D)	45,2	53,2	68,3	75,1	26,0	35,4
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (G)	31,6	38,3	77,5	76,8	22,3	30,3
Hotels and restaurants (H)	24,3	28,2	60,5	55,2	15,6	20,1
Transport, storage and communication (I)	40,1	52,7	64,8	81,5	31,9	43,0
Financial intermediation (J)	59,8	71,3	94,7	95,3	48,3	61,9
Real estate, renting and business activities (K)	51,0	64,9	82,0	90,7	43,4	58,8
Other	42,3	49,9	70,2	75,9	27,6	35,9

Source: Central Statistical Bureau of Latvia

Note: at the end of the year; % of the total number of enterprises within the corresponding group

Table 2. Enterprises with access to the Internet¹

	Total		Of which			
			with number of employees ≥10		with number of employees <10	
	2000	2001	2000	2001	2000	2001
Total	19,6	26,4	43,6	49,9	11,8	18,0
Manufacturing, trade, transport and business service enterprises	19,6	26,3	45,6	50,9	12,1	19,0
Manufacturing (D)	23,7	31,8	40,8	47,4	9,4	19,2
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (G)	16,6	20,3	48,0	48,3	10,3	14,4
Hotels and restaurants (H)	6,2	8,5	23,6	30,4	2,0	1,9
Transport, storage and communication (I)	22,4	31,4	42,2	51,7	15,8	24,6
Financial intermediation (J)	44,4	59,5	87,7	87,3	30,1	48,7
Real estate, renting and business activities (K)	28,1	42,4	56,0	70,4	21,3	35,8
Other	19,6	26,8	37,2	46,7	10,3	16,1

Source: Central Statistical Bureau of Latvia

Notes: (1) at the end of the year; % of the total number of enterprises within the corresponding group; (2) active enterprises and business companies (except peasant farms) that employ 50 or more persons and where net turnover in the previous year had been at least 300 thsd lats were surveyed; all central and local government-owned enterprises were also surveyed.

Table 3. Number of pupils undergoing computer training in general schools¹

	2001/2002	2002/2003
Enrolment	351989	340308
Of which:		
Full-time schools	336941	325503
Evening schools	15048	14805
Of which grades 10-12	48067	49350
Number of pupils undergoing computer training	97108	95743
Of which:		
Full-time schools	89268	87600
Evening schools	7840	8143
Of which grades 10-12	42435	43216
Pupils undergoing computer training as % of all pupils	27.6	28.1
Of which grades 10-12	88.3	87.6

Source: Ministry of Education and Science

Note: at the beginning of school year)

Table 4. Number of computers in general schools¹

	2001/2002	2002/2003
Number of schools with computers for studies	920	942
Number of computers for studies	12726	13866
Number of pupils per computer (for studies)	26	23
Number of schools with access to the Internet	692	814

Source: Ministry of Education and Science

Note: at the beginning of school year)

ANNEX XI

Table 1. Illiteracy

	Total	Age						
		15 - 19	20 - 29	30 - 39	40 - 49	50 - 59	60 - 69	70+
All population aged 15 and over	1947035	17752 8	32542 9	33500 5	32968 3	28123 8	26656 7	23158 5
Of which:								
Illiterate	4456	415	621	431	338	384	670	1597
% Of total	0,23	0,23	0,19	0,13	0,10	0,14	0,25	0,69

Source: 2000 Population and Housing Census

Table 2. Alcoholism and psychotropic substances

	1995	2000	2001	2002
Total				
Number of new cases:				
Alcoholism	1733	2347	1872	2278
Alcoholic psychosis	1645	972	919	839
Dependency on psychotropic substances (except alcohol)	102	645	475	220
Number of cases (at end of year) under the surveillance of health care institutions with diagnosis:				
Alcoholism	33733	23306	24400	25281
Alcoholic psychosis	3084	2224	1878	1831
Dependency on psychotropic substances (except alcohol)	804	2217	2711	2659
Per 100 000 population				
Number of new cases:				
Alcoholism	70	99	79	97
Alcoholic psychosis	66	41	39	36
Dependency on psychotropic substances (except alcohol)	4	27	20	9
Number of cases (at end of year) under the surveillance of health care institutions with diagnosis:				
Alcoholism	1366	986	1040	1084
Alcoholic psychosis	125	94	80	79
Dependency on psychotropic substances (except alcohol)	33	94	116	114

Source: State Narcology Centre

Note: Cases diagnosed in health institutions (excluding patients undergoing treatment in anonymous health institutions)

Table 3. Care centres for orphaned children, local government children's homes and specialised social care centres for children¹

	1995	2000	2001	2002
Care centres for orphaned children:				
Number of institutions	6	6	6	6
Enrolment	791	740	672	631
Local government children's homes:				
Number of institutions	38	48	49	49
Enrolment	1618	2412	2478	2414
Specialised social care centres for children:				
Number of institutions	3	3	3	3
Enrolment	446	453	419	401

Source: Social Assistance Fund

Note: at the end of the year

Table 4. Social care institutions for adults¹

	1995	2000	2001	2002
Number of persons in old people's homes and social care centres - total	8047	8711	8812	9073
Number of local government old people's homes (centres)	48	61	59	66
Enrolment in old people's homes (centres)	4722	4424	4513	4728
Number of specialised national social care centres	24	28	30	30
Enrolment in social care centres	3325	4287	4299	4345

Source: Social Assistance Fund

Note: at the end of the year