Latvia

National Strategy Report on Social Protection and Social Inclusion 2008 - 2010

2008

Content

Abbreviations.....3

1. INTRODUCTION.....4

1.1. Assessment of the social situation.....5

1.2. Overall strategic approach.....12

2. NATIONAL ACTION PLAN FOR SOCIAL INCLUSION 2008-2010.....17

3.NATIONAL STRATEGY REPORT FOR PENSIONS.....41

4. NATIONAL STRATEGIES FOR HEALTH CARE AND LONG TERM CARE.....52

4.2. HEALTH CARE.....55

4.2.1. Succinct progress.....55

4.2.2. Priority policies related to Common objective (j).....59

4.2.3. Priority policies related to Common objective (k).....62

4.2.4. Priority policies related to Common objective (l).....63

4.3. LONG TERM CARE.....67

4.3.1. Succinct progress.....67

4.3.2. Priority policies related to Common objective (j).....71

4.3.3. Priority policies related to Common objective (k).....74

4.3.4. Priority policies related to Common objective (l).....75

Abbreviations:

Cabinet	Cabinet of Ministers
CSB	Central Statistical Bureau
EC	European Council
EEA	European Economic Area
EU	European Union
EUROSTAT	The Statistical Office of the European Communities
EU-SILC	European Union Statistics on Income and Living Conditions
GDP	Gross Domestic Product
HCISA	Health Compulsory Insurance State Agency
HSMTSA	Health Statistics and Medical Technologies State Agency
LR, RL	Republic of Latvia
Ls,LVL	Lats
MoA	Ministry of Agriculture
MoCF	Ministry for Children and Family Affairs
MoE	Ministry of Education and Science
MoEc	Ministry of Economics
MoF	Ministry of Finance
MoH	Ministry of Health
MoJ	Ministry of Justice
MoRDLG	Ministry of Regional Development and Local Governments
MoT	Ministry of Transport
MoW	Ministry of Welfare
MSS	Meeting of State Secretaries
NDP	National Development Plan
NGO	Non-governmental organisations
Office	The Office of Citizenship and Migration Affairs
OMC	Open Method of Coordination
pp	percentage points
Report	National Report on Strategy for Social Protection and Social Inclusion
SEA	State Employment Agency
SIPCC	Social Inclusion Policy Coordination Committee at the Ministry of Welfare
SoSAMEGA	Secretariat of the Special Assignments Minister for Electronic Government Affairs
SoSAMSI	Secretariat of the Special Assignments Minister for Social Integration
SSB	Social Services Board

1. INTRODUCTION

Following the Communication of the European Commission (henceforth – Commission) "Renewed social agenda - opportunities, access and solidarity in 21st century Europe" it has been proposed to strengthen one of the key governance instruments of the European Union for the support of the social development of the EU member states – open method of coordination in social protection and social inclusion.

The National Strategy Report on Social Protection and Social Inclusion 2008 – 2010 has been prepared taking into account the economic changes not only in Latvia but the EU and the world as such, thus always ready for new challenges within the context of successful and efficient social development.

The National Strategy Report on Social Protection and Social Inclusion 2008 – 2010 consists of 4 parts. Part 1 contains an assessment of the situation, presenting the economic, demographic and migration situation in the country, as well as presenting the strategic approach to the synergies of the social protection and social inclusion policies. Part 2 identifies the priority objectives for social inclusion for the period 2008-2010 setting quantified policy objectives and policy measures for achieving these objectives and fulfilling the tasks. Part 3 focuses on the succinct progress in the field of pensions, analyses the adequacy of the pension system, its financial sustainability and the reform process, setting new challenges for the improvement of the pension system. Part 4 contains information on the progress achieved, measures implemented, problems and challenges identified in relation to healthcare and long term care accessibility, quality and financial sustainability.

The National Strategy Report on Social Protection and Social Inclusion 2008 – 2010 has been elaborated in accordance with several national and EU development plans – Latvian National Development Plan 2007 – 2013, Strategies of the line ministries, National Lisbon Programme of Latvia for 2005-2008 and other binding documents in the field of social inclusion.

1.1. Assessment of the social situation

Economic situation

In 2007 the *economic growth* was still fast although in the 4th quarter deceleration of the economic growth set in. The economic growth in the 4th quarter 2007 was 8.1% compared to 11.3%, 11.0% and 10.9% in the 1st, 2nd and 3rd quarters respectively. In the 1st quarter of 2008 the economic growth was only 3.3% year-on-year, however, according the statistic data for Q2 2008 the economic growth has come almost to a standstill – only 0.1%. Deceleration of the economic growth is accounted for by both internal (decline of the domestic demand stimuli) and external (global slowdown) processes.

For the last years the economic growth was mostly driven by the acceleration of the domestic demand. However, the domestic demand ensuring fast economic growth and supported by strong financial platform, has come to a standstill. This is due to several factors, mainly a more cautious bank policy towards mortgage loans because of the global financial crisis, as well as government implemented measures to curb crediting.

Due to the slowdown of private consumption and investment growth rate, import volumes have decreased while export volumes have increased. As a result of this the net export ratio contribution to the total growth is relatively high.

The rapid economic growth over the recent years has mostly been ensured by growing domestic demand, which had a direct impact on the fast growth of several service sectors, while the increase of industrial production volumes was mainly based on rising exports.

The deceleration of the domestic demand directly impacted the potential increase of the production volumes of the industrial sectors, retail has declined, construction growth rates have slowed down, and real estate market activity has decreased. In the 1st quarter of 2008 the contribution of these three sectors to the growth was only 1.7%, while in 2007 they accounted for the GDP increase over almost 6% or more than a half of the total increase.

The second reason is the decline of the output volumes of the processing industries caused not only by lower domestic demand as well as the demand of trading partners, but also by the decrease of the competitiveness of Latvian industry caused by the rapid increase of labour costs.

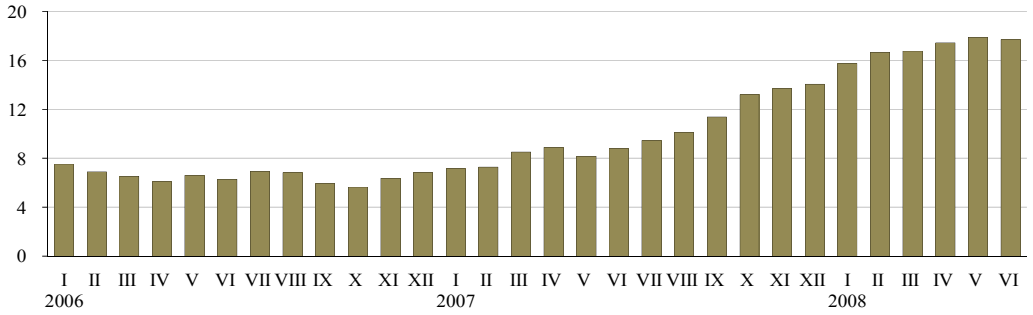
As from 2004, inflation rate in Latvia has increased rapidly and is one of the highest among EU member states. A particularly rapid price increase was observed in 2007 when the inflation rate doubled. Also in the beginning of 2008 inflation was increasing (see Figure 1).

The high price growth rate in 2007 is accounted for by the relatively high second round of inflation (inflation spiral) brought about both by high mortgage crediting and by substantial increase of wages, as well as a markedly fast increase of food prices, which accounted for substantial increase of prices in comparison with price changes in the preceding three years. This was mainly due to general trends of price changes in the international markets and to price increase for domestic produce, which in turn pertained to the essential increase of production costs in the preceding periods. The rise of administratively regulated prices has to be mentioned as a factor considerably affecting the rise of inflation. Prices for public utilities kept rising in 2007 – prices for water supply and sewerage, payments for electricity and waste collection, rent and prices for heat energy increased. The greatest price increase over the year was observed for water supply (by 29.3%) and sewerage (by 28.9%), heat energy (by 27.4%) and rent (by 21.5%). Rise of world oil prices also substantially impacted the increase of domestic fuel prices – by 21.6% (December against December of the previous year).

The total consumer prices increase in June 2008 compared to June of the previous year was by 17.7%, which is two times higher than a year ago (by 8.8%). Over the year prices have substantially increased both for services (by 17.6%) and for goods (by 17.7%).

Figure 1.

Consumer Price Changes
(12-months inflation, per cent)



Rapid economic development had positive influence on the situation in the labour market. However, along with the rapid development economic disproportion arouse and widened – considerable rise of inflation rate and high current account deficit.

In 2007 the employment rate in Latvia was 68.3% (66.3% in 2006), female employment – 64.4% (6.1 pp higher than the EU-27 average), male employment – 72.5%, which corresponds to EU average, for elderly people – 57.7%. The employment rate for elderly people has substantially increased both for women (from 48.7% in 2006 to 52.4% in 2007) and for men (from 59.5% to 64.6%). Over 2007 the number of employed persons increased by 2.9%. The highest rise of employment rate was observed in the construction sector (by 20.4%) and commercial services sector (by 20.8%), while in such sectors as financial services, agriculture and state governance the number of employed persons has decreased.[1]

The unemployment rate in 2007 was 6.0 % (men – 6.4 %, women – 5.6 %)[2]. The highest share of registered unemployment in 2007[3] similar to previous years was among long-term unemployed persons (18.0%), for young people in age group 15-24 the rate was 12.9%, pre-retirement age group – 11.1%, persons after child care leave – 7%, and disabled people (6.4%) (see Table 9 in Annex). The majority of all unemployed persons are representatives of simple low skilled professions. The ratio of registered long-term unemployed persons in 2007 compared to 2006 has decreased by 5.1 pp (from 23.1 % to 18.0 %). The decrease in the number of long-term unemployed persons is accounted for by the economic development in 2007, particularly the rapid growth of construction which, however, decreased at the end of 2007. While according to EUROSTAT data the proportion of long-term unemployed against the total number of economically active people in 2007 was 1.6 % (2.5 % in 2006).

The data of State Employment Agency (SEA) indicate that in comparison to the end of 2007 the number of registered youth unemployment over the year 2007 has decreased by 2947 persons (from 9671 to 6724) that is partly accounted for by both the national economic development and the SEA implemented policy. The ratio of unemployed young people (age group 15-24) was 10.7% in 2007 (12.2 % in 2006), while the average EU was 15.5 %. The

[1] National economy of Latvia: macroeconomic overview No1 (34), Ministry of Economy, Republic of Latvia, 2008.
[2] EUROSTAT data.
[3] SEA data.

high level of unemployment among the youth compared to the total level of unemployment is explained by the inadequate level of education and skills of the economically active young pepople, as well as their lack of experience. To solve this problem, special targeted measures are implemented to foster youth employment and support the inclusion of young people in the labour market. Every year the proportion of unemployed persons in pre-retirement age keeps increasing against the total number of unemployed, which is greatly due to the obsolete working skills of people of pre-retirement age, their health status and a gradual increase of retirement age for women.

Considerable regional differences are still to be observed. At the end of 2007 the registered level of unemployment in Riga was 3.1 % (at the end of 2006 – 4.2 %), while in Latgale region – 9.4 % (at the end of 2006 – 14.1 %). Although SEA is allocating higher funds to regions with less favourable labour market situation and is providing special support to population groups with higher social exclusion risk, due to insufficient working places as well as low economic activity, underdeveloped infrastructure, housing and transportation it is not possible to attain a balanced labour market development and to exclude regional disparities. At the same time the low unemployment rates in Riga and Pieriga region (4.2 % at the end of 2007) fostered the development of regional mobility, namely part of employers attracted employment also from the peripheral regions of Latvia.

The financing for welfare sector increases annually. The financing amount in 2007 was 1 1084 million lats that is by 12.5 % more than in 2006. In 2007 expenditures for social insurance made for 12.1 % but for employment for 1.7 % more than in 2006. Increase of financing was substantially influenced by the increase of expenses for the state social benefits that grown by 25 % comparing to 2006. Relevant impact on rise of financing was caused by a new legal rule effective as of March 1, 2007 that entitled employed persons who take care of a child aged until one year to work and receive together the child care benefit in a full amount thereby facilitating to claim for benefit a parent whose remuneration is higher. Increase of expenditures for the state social benefits was caused also by increase of the family state benefit amount (from 6 LVL to 8 LVL for the first child), rise in birth-rate and rise in birth-rate incentive and family with children supportive amount of benefits thereof.

Proportion of expenditures spent for welfare sector made 7.9 % of GDP (8.7 % in 2006). Like in previous years, increase rates for welfare sector lag behind GDP increase. This trend in 2007 was observed in all financing spheres of welfare sector. During year of account increase of expenditures in social insurance sphere influenced a considerable rise in remuneration of employed in economic sector as a result amounts of benefits, annual pension indexation, improvement of birth-rate indicators increased that influenced rise in number of maternity benefit receivers and amendments in Law "On State Pensions" adopted by Parliament on November 2, 2006 and entered into force on January 1, 2007.

Demographic situation

The demographic statistical data for 2007[4] indicate that the number of population of Latvia continues to decrease. At the beginning of 2008 the number of population in Latvia was 2 million 271 thousand, that is 10.4 thousand less than a year ago. The rate of depopulation in 2007 was less than a year ago: 0.46 compared to 0.58% in 2006.

Due to natural movement of population (the number of deaths exceeding the number of births) the number of population has decreased by 9.8 thousand, but due to long term migration – by 0.6 thousand (see Table 10 in Annex).

[4] CSB data, http://www.csb.lv.csp/content/?cat=471&id=5641

Number of registered marriages in 2007 compared to 2006 has increased by 6%. However, also the number of divorces increased. The number of registered marriages per 1000 residents was the highest over the last 15 years. In 2007 the age of people registering marriage continued to increase. If in 2000 40% of the male and 50% of the female population registered their first marriage between ages 20 – 24, then in 2007 only 20% of the male and 30% of the female population were of this age group, with 48% male and 41% female population being between ages 25 – 34.

The number of births in 2007 was 23.3 thousand or 1009 infants more than in 2006. The number of births per 1000 residents increased by 5%. The number of infants – 10.2 thousand per 1000 inhabitants was the highest over the last 14 years. According to provisional calculations, the summary birth rate (average number of children that could be born by a female during her life time at an unchanged birth rate of the relevant year) in 2007 compared to 2006 grew by 4 % and was 1.41. Currently it slightly exceeds half of the necessary indicator (2.1 – 2.2) for generation change.

Mortality rate in Latvia in 2007 was 33.0 thousand or 56 persons less than in 2006. The average ratio of mortality – 14.5 deaths per 1000 residents has remained quite unchanged compared to the previous year. It must be noted, however, that the infant mortality rate increased. Mortality of infants during the first year of life was 203 (8.7 deaths per 1000 live births). Compared to 2006 infant mortality per 1000 live births has increased by 14%.

In 2007 life expectancy at birth was 71.2, for males – 65.8 and for females – 76.5. Having survived the critical years, in 2007 for males having reached 60 years of age the life expectancy is 15.3, and for females – 21.1 years.

Household situation

In 2006 differences in income levels have considerably increased, the Gini coefficient[5] reached already 0.39 which is the highest among all EU member states. Also the polarisation of income characterised by S80/S20 income quintile share ratio[6] has increased. In 2006 this ratio has increased by 7.9 %.

Social transfers[7] have a considerable impact on the reduction of poverty. Without social transfers 28% of the population in 2006 would be subjected to the risk of poverty, i.e. 5 pp more, yet the impact of social transfers compared to 2005 is decreasing revealing the decline of the efficiency of social security system.

The provisional CSB data on household budget survey on self appraisal of the material situation in 2007[8] reveals that the dominating self-appraisal of the households still is "we are neither rich, nor poor". In 2007 62.7% of the Latvia households were of such opinion, which is slightly more than in 2006 (62.2 %). Unchanged and very small (0.1 %) is the weight of households that consider themselves as rich.

Comparing the results with the inquiry results over the last five years, a positive evaluation trend may be observed – gradual increase in the number of those respondents, which think that they are not rich, but live well. At the same time, comparing the results with those over the previous years, the increase of the positive evaluation compared to the previous year has been the smallest (see graph 1 in Annex).

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[5] Gini coefficient is a measure of inequality or equality of income distribution. It varies from 0 to 1. The higher the coefficient, the greater the inequality of income distribution.

[6] Proportion of the higher quintile household average income against the lowest quintile household average income (quintile – one of the fifth of all households surveyed grouped in a ascending order based on the income available in them per one household member – CSB definition).

[7] Transfers – pensions, social insurance benefits, state social benefits, municipal social benefits, scholarships, alimony received, cash and material assistance from other households (CSB).

[8] CSB, http://www.csb.gov.lv/csp/events/?mode=arh&period=06.2008&cc cat=471&id=5660.

The self-appraisal of the material situation is diverse in different regions of Latvia. The largest proportion of households providing the response "we are not rich, but we live well" is in Riga (17.4%) and Pieriga (15.6%). While the responses "we are on the line of poverty or we are poor" are mostly expressed in Latgale (26.2% and 4.9%). Nevertheless, in comparison with the previous years, the self-appraisal of households residing in Latgale has improved.

Analysing the self-appraisal of households by socio-economic groups, it can be said that in 2007 most critical in the self-appraisal were households of pensioners, where 8.9 % responded that they were poor.

When inquiring households on their economic situation and how it had changed during the previous year (2007), 23% of households recognized that it had become better. 47% of the households estimated their economic situation as having remained unchanged, while 30% regarded their economic situation as having become worse.

Analysing the *material deprivation* (economic strain; enforced lack of durable goods; unsatisfactory housing conditions) indicators[9], the survey data for 2006[10] reveal material deprivation being a more widespread tendency than poverty risk. However, comparing the data of 2006 with the data available for 2005, the risk of material deprivation shows a tendency to decrease (see Graph 2 in Annex). It cannot be denied that the burden of material deprivation mostly affects the poor households. The main risk factor of material deprivation is the economic strain[11]. Pursuant the EU-SILC 2006 data 65% of urban and 72% of rural households were subject to economic strain. In households with income below the poverty risk threshold (poor households) the level of economic strain reached 89% compared to the average country level 67%.

Considerably more are the households affected by unsatisfactory housing conditions. 45% households in Latvia are subjected to this risk. Among poor households the risk level is notably higher, reaching 60%.

Migration situation

Ministry of Interior of the Republic of Latvia is a leading body within the sphere of domestic affairs including migration. The Office of Citizenship and Migration Affairs is a state institution under the supervision of the Ministry of Interior and is responsible for development and implementation of repatriation and asylum policy, defining the legal status of persons in the country, issue of identity documents and travel documents, maintenance of the Population Register.

The entry and residence of foreigners in Latvia relevant to their scope of competence is under the supervision of the Office, State Border Guard, Diplomatic and Consular Representations and the Ministry of Foreign Affairs Consular Department.

Twice a year (January 1 and July 1) the Office compiles statistical information on foreigners currently residing with valid temporary or permanent permits of residence and with temporary and permanent permits of residence issued to foreigners.

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[9] Conditions that follow from lack of economical resources and do not permit access to material goods, as well as which are characterised by unsatisfactory housing and forced giving up (due to lack of money) of the use of long term goods (CSB definition).

[10] CSB, http://www.csb.gov.lv/csp/events/?mode=arh&period=04.2008&cc cat=471&id=5624

[11] Economic strain is being determined with the help of several questions in the EU-SILC questionnaire where respondents were asked to provide assessment in relation to the possibility of the household to cover the following expenses: eat red meat or white meat every second day; spend at own cost one week for all household members annually away from home; afford to cover unexpected expenses in the amount of LVL 75 from own means within one month; financially afford to keep residence warm; cover all kinds of utilities and settle purchases on credit. Those households that provided at least two negative answers were defined as subject to economical pressure (CSB).

In accordance with the data compiled by the Office as of 1 January 2008, there are 33055 foreigners from 90 countries currently residing in Latvia with *permanent permits of residence*, 3118 from them EU and EEA citizens. The greatest number of permanent permits of residence are issued to citizens of the Russian Federation – 25802, Lithuanian citizens – 1966, Ukrainian citizens – 1659, Belarusian citizens - 1185, Estonian citizens – 511. The main reasons for issuing permanent permits of residence are family reunion (i.e. spouses, children of the citizens/non-citizens), persons of Latvian descent, and permanent residence of the citizen of another country in Latvia.

In accordance with the data as of 1 January 2008, there are currently 12815 foreigners with *permits of temporary residence* residing in Latvia, 4813 from them EU and EEA citizens. 3182 Russian citizens are currently residing with temporary permits, 1334 citizens of Ukraine, 1273 – Lithuania, 750 – Belarus, 675 – Germany. The main reasons for issuing temporary permits of residence are work, family reunion (i.e. spouses, children, parents of the citizens/non-citizens), studies and education.

Due to the constantly increasing number of labour migration out of Latvia, and in some sectors there being even substantial shortage of qualified labour force[12], the issue of guest labour force is becoming more important. International practice shows that in cases of labour shortage employers by fostering labour import are faced with a considerably increase of illegal immigration risk. Latvia is characterized by a very strict policy in allowing the third country job seekers into the domestic labour market.

Recognizing the problem with the high emigration rate, on 12.09.2006 the Statement of Intent on the development of state and private partnership model was signed aimed at promotion of return to Latvia of those Latvian nationals who have left the country to seek occupation abroad[13]. Informative Report for the requested measures to foster the return to Latvia of those Latvian nationals who have left the country to seek occupation abroad has been prepared.

About 60 000 people have left Latvia to seek job opportunities in the EU. According to unofficial data and surveys the number could vary within a range of 30 %. The greatest number has emigrated to Ireland, the UK and Germany – about 5% of the economically active population which is characteristic for all new EU member states[14].

The information provided by state institutions and embassies about Latvian citizens having emigrated is fragmentary.

The issue of asylum seekers will gain importance eventually. Since 1st April 2008 SoSAMSI has established an Asylum Seekers and Refugees Support Office providing consultancy on various every day life issues, including information on Latvian language and integration classes for refugees and persons with subsidiary protection status. Also, in 2008 the Fund for the Integration of European third country nationals with the aim of supporting member states in assisting third country nationals with diverse economic, social, cultural, language, religion and ethnic background to comply with the preconditions of residing and facilitating their integration into the EU, was established in Latvia.

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[12] Shortage of labour force is marked in such professions - natural sciences, manufacturing and construction, health, teachers and defence specialists (survey "Analyses of labour market demand long term forecasting system and analyses of improvement ", LU, 2007, p. 4).

[13] The Protocol was signed by the SoSAMSI Minister, the Chair of the Board of the Association of State & Private Partnership, the Chair of the World Federation of Free Latvians, the Chair of the European Federation of Latvians and the Deputy Chair of the Latvian Association for Latvians in Ireland.

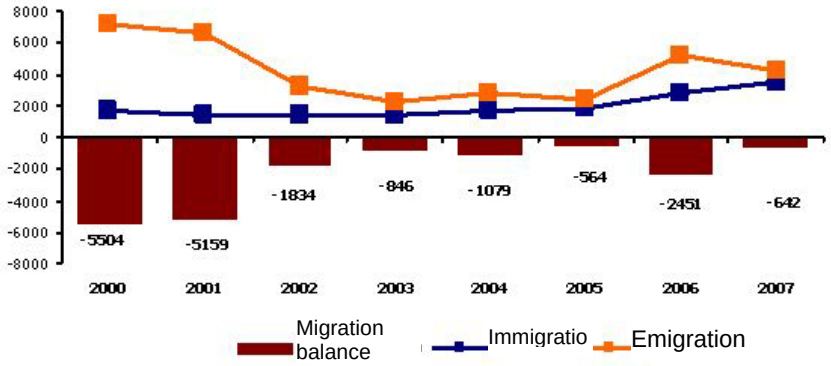
[14] Latvia and free Labour Movement – Example of Ireland. National ex-president V.V.Freiberga established Strategic analyses commission research , 11.2005 – 01.2006., p5

Pursuant the information of CSB and the Office[15], in 2007 due to long term migration the population in Latvia decreased by 642 persons which is substantially less than in 2006 when the population of Latvia decreased by 2451 person for the same reason.

In 2007 3541 persons from 66 countries entered Latvia for the purpose of residence and 4183 persons emigrated from Latvia to 80 countries for permanent residence. The external long term migration in 2000 – 2007 is presented in graph below (see Figure 2).

Figure 2.

Long term migration of the population 2000 - 2007 (number of persons)



In 2007 the share of EU countries in the external immigration flow was 73.2 %, but in emigration flow - 41.2 %. 27.8 % of all external immigrants in 2007 had the citizenship of Latvia, 46.4 % - citizenship of other EU countries, 25 % - other countries incl. 10.6 % had Russian citizenship. 45.0 % of external emigrants had the citizenship of Latvia, 3.9 % - citizenship of other EU countries, 20.5% - citizenship of other countries, of which 14.6 % had Russian citizenship. The proportion of Latvian non-citizens among immigrants was 0.8 %, but among emigrants - 30.6 % (see Table 12 in Annex).

Analysing data disaggregated by gender, in 2007 63.7% of all immigrants were males, but the majority of emigrants were females – 55.4% of the total number of emigrants. Analysing the age specific rates of the immigrants and emigrants, in 2007 the majority are at working age - 64.0 % immigrants and 72.2 % emigrants. The proportion of children (0 – 14 years) in the immigration is comparatively high - 29.9% that is almost three times more than emigrants (10.5%). Also among the population at retirement age the share of emigrants is higher than that of immigrants, 17.3% and 6.1% respectively (see Table 11).

According to the data of the Labour Force Survey of the CSB, three fifths of the population of the country that in 2007 were working abroad before the departure were employed, each fifth (18.3%) was a pupil or a student, and each sixth (17.4%) was unemployed.

[15] CSB, http://www.csb.gov.lv/csp/events/?mode=arh&period=04.2008&cc cat=471&id=5636

Pursuant the EU Council Directive of 27 January, 2003 2003/9/EC article 10[16] and EU Council Directive of 29 April, 2004 2004/83/EC Article 27[17], in 2005 there were prepared Cabinet Regulations "Procedures by which Education is to be Ensured for Minor Children of Asylum Seekers or Minor Asylum Seekers"[18]. Primary education is provided to three asylum seekers from Somalia in Cesu region Ramuli primary school having been granted by the Office the status of non-citizens, issued a personal identity certificate and residence permit in the Republic of Latvia until 31 August 2008. These asylum seekers have also been provided with the necessary education materials and technical means pursuant the legislative requirements.

Also, a working group has been established to develop an action plan to ensure the accessibility to the compulsory education for the children of asylum seekers and guest workers (third country nationals).

1.2. Overall Strategic Approach

In order to promote a well-balanced and sustainable national development, as well as to ensure the growth of the competitiveness of Latvia, the National Development Plan has been drawn up for 2007 – 2013 (NDP). NDP is a medium-term strategic planning document determining medium-term strategic objectives and priorities.

In accordance with the NDP, an improvement of the quality of life of a person is a national development strategic objective. Our main resource for enabling each individual and society as a whole to attain a standard of living that is characteristic for developed nations is the inhabitant's knowledge and skills and their purposeful utilization. In such growth model, knowledge determines the quality of the labour force, the utilization of capital and development of technologies and thus ensures the effectiveness of the model and promotes development. An educated and knowledgeable society becomes the guarantor of the state's internal and external security. Management of knowledge, its coordinated and guided creation, accumulation, distribution and utilization as a complex process becomes the basis for economic and social life, encompassing the state and all society.

The strategic objective of the National Development Plan is - education and knowledge for the economic growth and technological excellence. While the priorities for attaining the objective are as follows:

- educated and creative personality;
- technological excellence and flexibility of industries;
- development of science and research.

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[16] "On minimum standards for the reception of asylum seekers". Member States shall grant to minor children of asylum seekers and to asylum seekers who are minors access to the education system under similar conditions as nationals of the host Member State for so long as an expulsion measure against them or their parents is not actually enforced. Such education may be provided in accommodation centres. Member States shall grant full access to the education system to all minors granted refugee or subsidiary protection status, under the same conditions as nationals, as well as adults granted refugee or subsidiary protection status access to the general education system, further training or retraining, under the same conditions as third country nationals legally resident.

[17] "On minimum standards for the qualification and status of third country nationals or stateless persons as refugees or as persons who otherwise need international protection and the content of the protection granted." Member States shall grant full access to the education system to all minors granted refugee or subsidiary protection status, under the same conditions as nationals, as well as adults granted refugee or subsidiary protection status access to the general education system, further training or retraining, under the same conditions as third country nationals legally resident.

[18] Cabinet Regulations No 586 dated August 9, 2005.

The prerequisites of national growth as defined by the NDP are:
- growth in regions;
- inclusive and stable labour market;
- a healthy human being in a sustainable society;
- a safe, united civil society;
- modern infrastructure and services;
- international dimension of Latvia's growth;
- accessible housing and a well-maintained living environment;
- good governance as a guarantee of a sustainable growth policy.

Thereby in NDP there are interposed specific measures which implementation by 2013 could have an impact on the eradication of the poverty and social exclusion of the population[19].

1.2.1 (a) objective – social cohesion, equality between men and women and equal opportunities for all, with adequate, accessible, financially sustainable, flexible and efficient social protection systems and social inclusion policy directions.

As of 1996 in Latvia there is established a social insurance system that in order to protect the population in social risk situations (retirement, unemployment, disability, loss of provider, disease, child-birth and parental leave, as well as accident or occupational disease) grants a certain replacement income while at the same time motivating to stay longer in and return timely to the labour market. The state social insurance system is based on two main principles: 1) social insurance (pension, benefit) amount directly depends on income based on which the social insurance contributions are calculated; 2) correlation between the social insurance payers and the receivers of the social insurance benefits – regular expenses are financed form regular social insurance contributions. While the state social benefits supplement the social security system and provide a universal state support by way of benefits to particular groups of the population in social risk situations and situations related to the reduction of income, and they do not depend on the amount of social insurance contributions paid by the individual (e.g. family state benefit, state benefit for a disabled child, compensation of transportation costs of disabled persons with hindered mobility, etc.)

The municipal social assistance benefits provided by local governments are one of the components of the social security system the aim of which is to provide support to those who have failed to receive any state social security system benefits and are unable to sustain themselves and their family members with adequate means of existence, namely live in poverty or are in any other situation of crisis. Social assistance is provided based on the assessment of the person's material resources – income and property, individually foreseeing the participation of each customer. For the unemployed persons one of the participation measures is involvement into active employment (e.g. paid social work, professional training, etc.). Yet in the process of providing social assistance to a family (person), several important criteria are taken into account that might hinder the person to participate in active employment (e.g. the necessity to provide care to a child or another family member etc.).

Gender equality as well as general equality irrespective of other characteristics, like age and disability in Latvia is more often being guaranteed by the so called integrated access. Not excluding the possibility of providing specific measures for solving the already existing problems, emphasis is put on the *ex ante* and *ex post* analysis of the situation from the

[19] „Latvia National Development Plan 2007 -2013", MoRDLG, 2006.

viewpoint of the population groups most subjected to the risk of social exclusion. If substantial negative disparities are observed in the status of different social groups, measures for diminishing these diversities should be included in the respective policies. Employment policy shows the greatest success in implementing the integrated approach which has improved the possibilities of parents after child care leave, disabled people, young people, persons of pre-retirement age, long-term unemployed persons and other social groups particularly subjected to the social exclusion risk.

As the expansion of habits harmful to health facilitates growth in the number of persons subjected to the risk of poverty and social exclusion as well as a generally poor health of the population, the main objective is sustaining good health in order for the person to be healthy as long as possible. Taking this into account health promotion measures are being implemented in the country continuing advertising a healthy life style among the population, by means of promoting in different social groups physical active life, wholesome nutrition and development of various diet recommendations for people with particular diseases, etc.

1.2.2. (b) objective – effective and mutual interaction between the Lisbon objectives (greater economic growth, more and better jobs and greater social cohesion) and with EU's Sustainable Development Strategy.

The National Lisbon Programme of Latvia for 2005-2008 (Lisbon Programme) defines promotion of an inclusive labour market as one of the main tasks for fostering employment. Main elements that constitute the employment policy in Lisbon Programme are life cycle approach to employment, improvement and diversification of active employment measures along with the development of employment partnerships and social dialogue.

To promote flexicurity policy, in the Lisbon Programme there have been set the following goals:

- attract and retain more people in employment, increase labour supply and modernise social protection systems,
- improve adaptability of workers and enterprises,
- increase investment in human capital through better education and skills, and develop life-long learning system;
- reduce undeclared employment.

The Lisbon Programme puts special emphasis on measures related to the integration in the labour market of young people, people at pre-retirement age, and parents after child-care leave and other social groups at the risk of social exclusion. As of 2007[20] a range of measures fostering active employment has been expanded defining that the preventive measures for active employment and reduction of unemployment shall be accessible also to the less active population groups – people addicted to alcohol, drugs, psychoactive and toxic substances, people taking care of another family member, other unemployed people in relation to the current labour market situation, as well as other social target groups as defined in other policy planning documents.

In 2008 the new National Lisbon programme of Latvia shall be prepared for 2008-2010, that will focus mainly on the already existing Lisbon Programme strategic objectives – raising employment as well as defining new tasks for the coming period related to fostering inclusive labour market, creation of new employment opportunities, development of entrepreneurship

[20] Amendments adopted by the Saeima on June 21, 2007 to the Law of Support for Unemployed and Job seekers.

in order to increase employment, implementation of flexicurity principles, fostering healthy and safe work conditions, developing life long learning.

1.2.3. (c) objective – good governance, transparency and the involvement of stakeholders in the design, implementation and monitoring of the policy.

Provision of good governance in relation to the implementation of different level documents is hindered by uncoordinated activities of various institutions involved, different opinions on the questions to be tackled, therefore it is necessary to have a unified understanding of the long term, mid-term and short-term policy planning processes at all levels of the involved governing institutions as well as other authorities.

Non-governmental organisations and social partners are widely involved in the processes of the development of action policies and decision adoption. Active cooperation is continued with NGOs in the implementation of joint projects, development of the legislative acts and participation in the working groups thus fostering the sharing of information and inclusion of the non-governmental sector in decision taking process. For example, there was active networking with non-governmental organisations during elaboration of the draft of the new Disability Law. National Council on Disability[21] represented by line ministers, the Latvian Umbrella Body for Disability organisations "Sustento" representing over 30 organisations, Latvia Rehabilitation Association of Professional Organisations and others participated in the development of the Law.

Similar cooperation has been carried out during elaboration of other policy documents. Employers' Confederation of Latvia and Free Trade Union Confederation of Latvia are among the most important cooperation partners. Particularly active was the networking with social partners in 2007 in working out the Labour Protection Development Guidelines for 2008 – 2013 and Labour Law amendments.

There exists ongoing cooperation, particularly in the discussion of the pension policy, with the Pensioners' Federation of Latvia. Regular meetings are held with representatives of the Pensioners' Federation of Latvia where different topical issues are addressed and solutions of problems sought for the improvement of the pension system.

Latvian Association of Local and Regional Governments has to be mentioned as a regular cooperation partner for line ministries involved in the development and assessment of policy documents.

To foster the inclusion of disabled people in the work of governance, SoSAMSI in 2008 introduced legislative amendments[22], including the requirement to place information of state and local government institutions on the home pages in comprehensible language. Along

[21] National Council on Disability (hereinafter NCD) was established in 1997. It is a consultative body participating in the development and implementation of the policy for inclusion of disabled persons. In 2007 4 NCD meeting were organised where following issues were discussed:
- medical and social rehabilitation and inclusive education;
- Cabinet draft order supporting signing of the UNO Convention on the Rights of Disabled Persons ;
- united universal service model in social services sphere and the principles to be developed for support of disabled persons;
- guidelines for the policy of reducing disability and its consequences 2005 – 2015 and the process of the development of the draft Disability Law pursuant the Action Plan;
- Concept report "Equal Rights for All" for the progress succinct in the policy of integration of persons with disability in 2006;
- inclusion of issues for disabled persons in ministry policies as a horizontal issue;
- monitoring performed by the association of disabled persons and their friends "Apeirons" on accessibility of state and municipal internet homepages who read in the simple language, etc.

[22] Cabinet Regulations No 648 dated August 4, 2008 "Amendments in Cabinet Regulations 171 Procedures by which Institutions Place Information on the Internet dated 6 March 2007"

with these amendments, the scope of the information to be placed on the homepages has been increased including cooperation with non-governmental organisations. These amendments increase the accessibility of information on ongoing processes in the state and local government institutions and foster the participation of the given organisation in state governance, increase the development of information society, improve the quality of policy planning and benefiting from the information and communication network tools and foster social inclusion.

As in previous years, in 2007 the social partners, the Latvian Association of Local and Regional Governments and non-governmental organisations were involved in the social inclusion policy making procedure participating in the Social Inclusion Policy Coordination Committee. The committee comprises representatives of non-governmental organisations representing population groups subjected to the risk of social exclusion (disabled persons, pensioners, the Roma, children and youth, homeless people, etc.).

Monitoring and Assessment of the Report

To ensure the monitoring of this Report, the Social Inclusion Policy Coordination Committee will continue its work in 2008 – 2010, which shall ensure the monitoring and assessment of the Report.

It is planned to prepare annual informative reports on the implementation of the Report to be submitted to the Cabinet of Ministers. At the same time it is envisaged to hold informative seminars on the content of the Report and challenges and tasks included therein, as well as make presentations to all the stakeholders involved in the development and implementation of the social inclusion policy.

2. NATIONAL ACTION PLAN ON SOCIAL INCLUSION 2008 – 2010

2.1. Progress succinct 2006 – 2008

During assessment of the implementation of the National Action Plan on Social Inclusion 2006 – 2008 the realization of the set measures for reducing social exclusion has been successful, also by means of the EU Structural Funds. However, some of the measures were not implemented because of the limited state budget. Assessing the current situation it has to be concluded that measures implemented have had insufficient impact on the reduction of poverty for certain groups of population as according to the statistical data poverty has increased.

In 2005 – 2007 Latvia used financing from the EU Structural Funds allocated for the period 2004 – 2007 for labour market research analysing the situation on the labour market both at national and regional level. This research allows to forecast labour demand and labour supply in different industries, find out the possibilities of different social groups on the labour market, analyse the compatibility of the system of education to the labour market requirements, specify the male and female situation on the labour market, as well as find answers to other so far inadequately reflected issues in the context of labour migration, undeclared employment, social exclusion and other.

In relation to the tasks defined in the European Commission 2007 Joint Report on Social Protection and Social Inclusion[23], it has to be concluded that they have been fulfilled only partly. Quantified objectives have been set for 2008 - 2010 that had not been attained in the previous period, as well as more targeted active inclusion measures have been identified for population groups with low and middle income, in order to avert the negative impact of inflation on these population groups. However, it is necessary to elaborate a more integrated strategic approach for a more efficient implementation of social inclusion policy.

Over the preceding period 2006 – 2008, analysing the poverty indicators, the identified problems and restrictions in the accessibility of services, goods, resources and rights to population groups subjected to the risk of poverty and social exclusion, three priority objectives were interposed in the sphere of social inclusion: (1) improve the access of children and young people subjected to the risk of poverty and social exclusion to education and labour market services; (2) improve the accessibility of resources and services to families, particularly large and single-parent families; (3) improve the accessibility of resources and services to retired persons subjected to the risk of poverty, in particular to those living alone.

Measures implemented pursuant the National Action Plan on Social Inclusion 2006 – 2008.

1. Improvement of the access of children and young people subjected to the risk of poverty and social exclusion to education and labour market services.

To reduce the number of dropouts from education institutions and the proportion of students with poor performance:

- pedagogic methodology was improved for work with students with learning problems;
- prepared and published 4 brochures with methodology (a total of 4750 copies);

[23] (1) develop a strategic method to foster social inclusion and break the poverty line, especially in respect to families including setting also quantitative targets base on the regional and gender aspects; (2) promote efficient active inclusion measures for all unprotected groups eliminating the reverse effects of inflation for small and average income groups and improving the related services and employment possibilities

- prepared sets of training aids in 10 subjects for special education;
- as of 1 September, 2007 there have been granted 2 tutorial hours for each subject teacher thus allowing all students to plan and receive tutorials, as well as for the most talented students from grades 1-12;
- with the support of ESF there were implemented 19 projects for the development and implementation of pedagogic correction programs. Within framework of the projects there were elaborated and implemented pedagogic correction programs, prepared requisite training methodical materials, implemented activities that promote improvement of working and social skills for young people of disadvantaged or poor families, carried out training for young people with low basic skills and low level of basic knowledge who study in pedagogic correction or vocational education programs.

In order to promote inclusive education for *children with special needs:*

- the National Special Education Centre was established on April 2, 2007 with the goal of encouraging completion of education according to students' abilities, health status and development, as well as to coordinate the activities of the special education support system in Latvia;
- in 18 special education institutions the education environment was improved (classrooms, workroom, facilities, equipment, etc) with the aim of developing the professional and everyday life skills of students, and 10 general education institutions were adjusted for students with reduced mobility;
- methodology was elaborated to assess the individual abilities of students and their suitability for acquiring a special education programme, increase their employment skills and successfully integrate in the labour market. 500 professional job descriptions have been prepared providing the information on load on functional systems while performing the job;
- short term modular vocational training and further education programmes were implemented for disabled persons with low level of education or professional skills: registration of clients and patients, English language, B category car driver, entrepreneurship (beginners level); computer skills - for people with functional disorders, computer skills – data operators, computer skills, bookkeeping – qualification-accountant,
- 3 rehabilitation programmes were developed and introduced (secondary professional education programme "Mehatronics – mehatronics engineer", professional vocational programme "Electronics - welding" and the study programme "Hotel Business Management");
- Social Integration State Agency (SISA) support centre network project has been developed in Latvia fostering equal work and environment conditions among the population groups subjected to the risk of social exclusion, regional support centres have been established throughout Latvia implementing measures for the inclusion of disabled people: motivation for receiving vocational rehabilitation services, determination of vocational suitability and training as close to the place of residence as possible. The objective of the support centres is cooperation with the employers of the given region and to help finding employment for disabled persons;
- with the support of ESF there were implemented 36 projects for integration in education system the young people with special needs. Within framework of projects there were implemented activities for creating supportive training environment for integration in education system the young people with special needs, developed social and working skills for young people with special needs, further education of teachers

to prepare in work in integrated classes and special education institutions, elaborated methodical materials and individual training programs for education acquirement for young people with special needs.

To promote the interest of students in obtaining education and improving their vocational knowledge, as well as to inform the school youth on the professional career guidance issues:

- vocational and education guidance consultations were organised for students and young people as well as information provided on career and education possibilities (number of students and young people consulted in 2006 – 33511, in 2007 – 26374);
- informative events were organised on career and education possibilities (in 2006 – 572 and in 2007 – 1013).
- on September 1, 2007 the Professional Career Counselling State Agency was joined to State Employment Agency thus the counselling and methodological guidance of the client is performed following the principle "one stop agency", namely unemployed people and job-seekers receive counselling and guidance on career opportunities jointly;
- 3 new professional career counselling centres were established and 3 regional information –counselling centres were adjusted for customers in wheelchairs,
- mutual cooperation possibilities have been enhanced for all institutions involved in the career support system development. A Communication Unit has been established at the State Education Development Agency to ensure and foster the mutual cooperation of all institutions involved in the career support system development, provide regular exchange of the topical information, provide efficient use of resources and materials as well as improve the level of quality of career guidance services for all population groups in the context of life-long learning. A new national education data base www.niid.lv has been created providing information on the educational opportunities available at the Latvian education institutions;
- by means of ESF a basic course for teachers and specialization course for teachers of primary, secondary and vocational secondary schools and career guidance practioners were prepared and licensed; there were prepared and issued methodical materials of career guidance for work in grades 7-9, 10-12 and there were trained 5219 career guidance practioners of vocational secondary educations institutions; occupation standard of career guidance specialist was developed and approved; learning programme for acquiring qualification of career guidance specialist was prepared and licensed; separate content of detailed training programme course was elaborated and group of trainers for implementation of mentioned course in at least 3 high-schools was prepared. There were organized career guidance activities in education institutions and developed already active informative centres.

In order to reduce the *discrimination of women* (including young women) *with hearing impairments,* to build up their self-confidence and motivation:

- a special system has been prepared aimed at integrating graduates of special schools for people with hearing impairments and with severe hearing impairments into the vocational training programmes and the labour market;
- developed conceptual solutions for the establishment of multidisciplinary social integration system for people with hearing impairments;
- established a data base on the status of women with hearing impairments in Latvian society:
- a manual has been issued for employers on employment adaptability of people with hearing impairments;

- an adapted training aid has been prepared for people with hearing impairments (book and methodical aid) for acquiring basic computer literacy;
- an adapted informative set on employment issues has been prepared for people with hearing impairment;
- a system description and methodical material has been prepared for project (event) managers with hearing impairment;
- activity modules to motivate people with hearing impairments to integrate in social life;
- a support network for women with hearing impairments has been established, including 4 cooperation agreements signed on project product " Support modules for families with hearing impairments, integrative measures programme development methodology " implementation in cooperation with municipal social service offices;
- support provided for the target group with the aim of increasing self-confidence and reducing exclusion – about 1000 women with hearing impairments involved (from them about 12% young women up to age 25);

In order to facilitate *permanent job placement of unemployed persons and disabled unemployed persons* by improving their working skills and competencies:

- the implementation of 5 new programmes and pilot projects has been launched: (1) "Complex inclusion programme" with the aim of providing the opportunity for disabled persons (including those with mental disorders) to update and acquire vocational skills. The programme consists of three consecutive activities: non-formal education programme "Update of vocational skills"; non-formal education programme "Induction into the profession", practice employment. (2) "Vocational training ensuring babysitting" with the aim of providing the opportunity for persons (unemployed) after parental leave to acquire professional knowledge and skills as well as fostering reconciliation of family and work life. This target group is offered the opportunity of acquiring the qualification of sewer, sales-assistant, cook, waitress and secretary. (3) the aim of the programme "Raising the motivation and vocational training for unemployed persons after parental leave" is to involve persons after the termination of parental leave (child care period) in acquiring licensed and accredited professional education programmes, including distance and e-studies. (4) The aim of the programme "Vocational training in the form of electronic training providing vocational rehabilitation" is to involve disabled persons in acquiring licensed and accredited professional education in the form of e-studies. This target group is provided the opportunity to acquire the profession of data input operator. (5) The aim of the programme "Acquiring vocational skills" is to offer unemployed persons the opportunity to assess their professional suitability by working in one, two or three related professions – in each not less than a month with one or several employers. This is targeted for unemployed persons with secondary education who have not yet chosen the profession they would like to acquire; who have acquired vocational training but for a longer time (more than two years) have not been working in the acquired profession or due to their health condition cannot continue to work in the profession acquired.
- A total of 1433 young people were sent on work-practice in 2006 and 2007 – unemployed and young disabled persons; 3055 young unemployed people participated in the re-qualification courses; and 54540 unemployed people participated in the psychological support programme and training for acquiring basic skills and knowledge necessary for the labour market.

To promote employment in the country at the same time preventing cases of misuse of the unemployment benefits, a legal basis regulating unemployment benefits was amended in

2007. The amendments defined a differentiation of duration of payment of unemployment benefit depending on person's insurance length and increase of qualification period for unemployment benefit from 9 to 12 months. As of January 1, 2008 the duration of unemployment benefit payment is as follows:

- if insurance length ranges from one to nine years (including), a duration of unemployment benefit payment is four months;
- for insurance length from 10-19 years – 6 months;
- for insurance length from 20 years – 9 months.

To improve the integration of *children and young people* and to improve their *health state*:

- every September and October the State Police has organized campaigns "Safety days in school" in the framework of which police representatives organized events in schools on prevention of dependencies, including the provision of information on the reasons why smoking causes adverse consequences on the health of smokers, on the legal framework on the protection of children from tobacco products, as well as on the legal acts on the liabilities of under-aged smokers. A total of 2601 preventive events have been organised in 1035 educational institutions;
- the number of child victims of illegal acts who have received social rehabilitation both in their place of residence and in a social institution has increased;
- the number of children who have undergone preventive examination has increased.

To facilitate employment of *young convicts and ex-convicts*:

- a study has been carried out on "Accessibility of education, employment and social rehabilitation services to convicts and ex-convicts";
- a concept paper has been developed "Guidelines for the education policy of convicts 2006-2010"[24], as well as concept projects "Concept on employment of convicts"[25] and "Concept of re-socialisation of convicts"[26];
- methodology on the assessment of the risks and necessities of convicts/ex-convicts has been developed, as well as methodology on the choice of the vocational training corresponding to labour market needs, programmes offered by the educational institutions, prison resources and other factors;
- in 4 places of imprisonment access to general secondary education and vocational training has been provided. With the support of EQUAL vocational training in various occupations has been provided for 328 customers;
- 4 social rehabilitation centres (SHC) have been established for 70 customers for the support of ex-convicts. 4 agreements with providers of social rehabilitation services for ex-convicts have been signed;
- a "Model on cooperation between SHC and vocational training institution on fostering education of ex-convicts" has been prepared;
- social rehabilitation programme for convicts and ex-convicts "Life school 2" has been prepared. The training of the persons implementing the programme has been finished (49 specialists have received training);
- a special educational programme "Support programme for the pedagogical work at imprisonment institutions" has been developed focusing on the potential risks, problems and their solutions working with the special target group. 51 pedagogue has been trained;

[24] Approved by the Cabinet on 15.06.2006.
[25] Issued for public discussion on 29.11.2007.
[26] Issued for public discussion 02.08.2007, supported by Cabinet on 19.05.2008.

- in training seminars qualification has been raised for 36 specialists – prison SHC specialists and probation service employees. 25 seminars have been held (266 hours);
- informative booklets have been prepared and published in Latvian and Russian (8000 pieces) on the services available and offered through the project, as well as 2000 booklets in Latvian and Russian on the production and services of places of imprisonment available, as well as the possibilities for entrepreneurs to make orders;
- support has been provided to 819 convicts (25% of them young persons up to 25 years of age) and the assessment of risk and necessities of ex-convicts has been carried out. The number of counselling hours provided – 10268;
- 400 convicts have received social rehabilitation;
- in 42 events 1678 convicts (of them 20% young persons up to 25 years of age) have been informed on the possibilities to receive social rehabilitation services in the institutions of imprisonment and after being released from the institutions of imprisonment;
- with the support of ESF there were prepared and licensed 13 pedagogical correction programs of basic education; for implementation of pedagogic correction programs there were adjusted and equipped premises in 8 prisons; in 8 prisons in pedagogic correction education programs there were involved 253 prisoners; developed handbook for specialists involved in education of prisoners; training of pedagogues was carried out in work with pedagogic correction programs; purchased training aids for needs of prisoners in 8 prisons and library fund was stocked up in 15 prisons.

2. Improve the accessibility of resources and services to families, particularly large and single-parent families.

To socially protect and financially support families with children, including disabled children:

- supplement to the current childbirth allowance has been granted: for the first child – LVL 100; for the second child – LVL 150, for the third and every next child - LVL 200;
- the amount of state family benefit has been increased: for the first child – from LVL 6 –to LVL 8; for the second child –from LVL 7.20 to LVL 9.60, for the third child – from LVL 9.60 to LVL 12.80, for the forth and every next child in the family –from LVL 10.80 to LVL 14.40;
- the non-taxable minimum amount exempt from personal income tax has been increased in 2007 from LVL 32 to LVL 50, and to LVL 80 in 2008;
- tax exemption for dependants has been increased in 2007 from LVL 22 to LVL 35 and to LVL 56 in 2008;
- childcare allowance for disabled child has been increased as of January 1, 2008 from LVL 50 to LVL 150 per month;
- on January 1, 2008 a new state social allowance was introduced for disabled persons in need of care in order to increase the life quality of adult disabled persons with severe functional disorders and their family members and to ensure a more safe care of these disabled persons at home. The allowance is granted to disabled persons exceeding the age of 18 with severe functional disorders and the amount of the allowance is LVL 100 per month;
- a new social insurance benefit – parental allowance – has been introduced – for persons covered by social insurance taking care of a child up to the age of 1 year, which from January 1, 2008 has replaced the childcare allowance from the state basic budget to employed persons taking care of children up to the age of 1 year, which is

equal to 70% of the person's average insurance contribution wage and its maximum amount is limited only by the maximum amount of mandatory state social insurance;

- for unemployed persons taking care of a child up to the age of 1 year and for persons taking care of a child from the age of 1 up to 2 years, a childcare allowance is granted from the state basic budget and it is granted in the following amounts:
  - LVL 50 per month to persons taking care of a child up to 1 year, if this person has not been employed on the day of granting of the allowance;
  - LVL 30 per month to persons taking care of a child from the age of 1 up to 2 years

To facilitate *access to housing* for families with children within the 2007 Housing development crediting programme (phase II) for families with children the Mortgage and Land Bank of Latvia has issued 90 guarantees that exceeds the number of guarantees issued in 2006 by 29 guarantees or 32%.

To promote the *development and accessibility of alternative and social services* to families with children:

- development of alternative child-care services was promoted in one of the major municipalities implementing the pilot project "Babysitters' service" providing babysitting services. The aim of this service is to provide babysitting services for families with children during working days from 7:00 to 22:00 and supplementary - on bases of special agreements - services (child-care at night, cooking, shopping for food, cleaning of the living premises, teaching foreign languages, playing a musical instrument and other possible services corresponding to the services offered by the baby-sitter and the possibilities). A total of 60 potential baby-sitters have been trained, a home page has been created www.liepad.lv informing on the availability and accessibility of the babysitting services;
- informative report has been prepared on the problems related to domestic violence and possible solutions thereof[27], and based on the report a programme on preventing domestic violence 2008 -2011 was developed in cooperation with line ministries.

To ensure *accessibility of services* to families with the aim of reducing their social exclusion:

- to provide for families with children the opportunity to receive the support of a professional social worker, a special state earmarked subsidy programme has been developed ensuring partial financing for those professional social workers who carry out social work with families with children in municipal social service offices. In 2007 this state subsidy was granted to 196 social workers from a total of 97 municipalities;
- additionally in 2007 for the state and EU Structural funds` resources there were educated 179 social work practioners (33 % of social work specialists who obtained education in 2007), including 71 social work practioner who launched studies in 2007/2008 academic year. For the financing of MoE, education of a social work acquired 13 students from University of Latvia and nine students from Liepaja Pedagogic Academy;
- in 2007 there were 28 day care centres attended by 1508 children from needy and disadvantaged families;
- there were 7 day care centres attended by 177 disabled children.

[27] Based on Cabinet minutes of meeting No 33, 44§ June 5, 2007.

3. Improve the accessibility of resources and services to retired persons subjected to the risk of poverty, in particular to those living alone

To address topical pension issues and increase life quality of retired persons:

- supplement to old age pension has been granted for insurance record up to December 31, 1995 for retired persons receiving pensions and residing in Latvia the old age pension of which does not exceed LVL 225 (in 2006 – LVL 105, in 2007 – LVL 135) (up to June 1, 2008 for granting a supplement a minimum of 30 or 25 years (for those who were granted pensions on condition of work in harmful conditions) of insurance record was necessary). In June 2008 the average supplement was LVL 13.88;
- a new old age pension has been granted to persons who had opted for early retirement from January 1, 1996 up to July 1, 2005 and who until reaching the age of old age pension have continued to be covered by mandatory social insurance (employed or self-employed persons) and who had not been granted a new old age pension for the mentioned period of time. Average increase of old age pension in 2007 - LVL 17.89;
- the minimum granted old age pension has been recalculated in case of accumulated pension capital, i.e. recalculating the old age pension granted in the amount of the minimum pension the actual pension granted was increased (earlier – calculated pension which is less than the minimum pension). Average increase of old age pension – LVL 6.62;
- in case of death of the spouse the surviving person is granted a lump-sum allowance in the amount of two pensions of the deceased spouse. The right to such allowance is granted if the surviving spouse on day of granting this allowance is a retired person and the retired spouse died after January 1, 2007. This allowance was received in 2007 by 6.6 thousand persons;
- an early old-age pension has been granted to persons opting for five years earlier retirement if they have worked under harmful conditions and if their total insurance length is at least 25 years and up to December 31, 1995 they have worked under harmful conditions at least 8 years and 4 months, as well as to those who were participants in elimination of the consequences of the Chernobyl nuclear plant disaster and to political victims;
- the possibility to request an early old-age pension, i.e. two years before reaching the age of granted old age pension has been extended up to December 31, 2011 in cases of a minimum of 30 years insurance length;
- the importance of the insurance length has been increased for persons with insurance record exceeding 40 years. In 2007 there were 135.6 thousand receivers of old age pensions with insurance length over 41 (29% of all receivers of old age pensions);
- the number of receivers of the supplement to old age pension per each year of insurance record up to December 31, 1995 has been increased, eliminating the insurance record limit for granting the supplement to old age pension, and the pension amount subject to the old age pension supplement has been increased from LVL 135 up to LVL 225;
- the non-taxable minimum of the pension has been raised from LVL 110 to LVL 165;
- to improve access to health care services, compensation for the expenses on medicines has been granted from January 1, 2008 for 18 new diagnoses (a total of 275 diagnoses). The compensated medicines eligibility list has been supplemented by new pharmaceuticals (e.g. in oncology), as well as the conditions permitting the prescription of medicines have been expanded thus increasing the choice of medicines for the doctors to prescribe;

- to promote development of care services alternative to institutional care and to improve social functioning capabilities of elderly people and their inclusion in society, as well as promote inclusion and employment opportunities for their family members, in 2007 care at the place of residence was provided to 7553 retired persons, from them 1253 males and 6300 females, that is 12% more than in 2006; and in 12 municipalities 5602 retired persons received services at municipal day care centres, from them 1381 males and 4221 females; at 1 NGO day care centre for old people – 74 persons, from them 17 males and 57 females.

2.2. Key challenges, priority objectives and targets

The level of poverty in Latvia is being measured according to the methodology developed by the EU Statistical Office (EUROSTAT) as in Latvia an official poverty threshold or poverty line is not defined. In order to evaluate and monitor social inclusion the so called Laeken indicators calculated by the CSB are used.

According to the data of CSB in 2006 the relative poverty line or poverty risk threshold in Latvia was LVL 88 per month per one equivalent consumer, which is by LVL 15 more than in 2005. The proportion of population living under this relative poverty line in 2006[28], i.e. surviving on LVL 88 or less per month, was 23%, increasing by 4 pp, which is the highest proportion among all EU member states.

Analysing the population subjected to the risk of poverty by age groups, in 2006 pre-retirement age and retirement age persons were subjected to the highest risk of poverty – 32% (75 years of age and more), 30% (60 years of age and more). Retired persons (65 years of age and more) living alone in 2006 were subjected to the highest poverty risk increase - by 24 pp in comparison to 2005, reaching a total of 69%. Analyzing the statistical data by gender at the age of pre-retirement and retirement age, in the pre-retirement age group (55 – 64 years of age) both for males and females the risk was equal, i.e. 26% in 2006. In comparison to 2005 the poverty risk for this age group has increased by 6 pp, especially for females – for 7 pp. Yet in the retirement age group females (for 5 and 10 pp) are subjected to a higher poverty risk then males (see Tables 2 and 3 in Annex).

Poverty risk of retired persons consists of several factors: primarily it is low income. In 2007 compared to 2006, the average amount of the monthly paid pension increased for all groups of retired people and reached an annual average of LVL 106.23. However, the pension increase still considerably lagged behind the net salary increase of those employed in economy, which in 2007 was 32%, although it slightly exceeded the inflation rate growth. A positive feature was observed in 2007 when amount of pensions increased and proportion of small pensions in all paid pensions has reduced. The proportion of pensions under LVL 100 decreased considerably – in 2007 by 39% (in 2006 – 62.1%). Along with low income, retired persons have difficulties in paying for housing (utility payments), health-care and transport. After food, these are the main types of expenses of retired people according to the household budget data for 2006. Along with children and employed persons, retired persons are one of the major groups receiving the municipal guaranteed minimum income (GMI)[29] benefit.

[28] Data on 2007 will be available in September 2008 (according to CSB information).

[29] If the municipality has defined a higher GMI level (the right to receive a GMI benefit is only for families (persons) that meet all three conditions:(1) it has been classified as poor family (person) (poor persons – income per each family member over the last three months does not exceed 50% from the minimum wage active in the country as of January 1 of the respective year) (2) its income is below the Cabinet defined GMI (in 2007 – 27 lats per month); they are performing the duty of participation. The municipality has the right to define a higher

Taking into consideration the fact that the number of old persons and single retired persons is increasing, the demand for social services is growing, yet similar to previous years there are long waiting times for receiving services in social care institutions. The insufficiently developed network of municipal services alternative to institutional services increases the demand after institutional care. At the same time, the accessibility of both institutional and alternative social care services is limited.

Children (aged 0 -17) are subjected to a comparatively high risk of poverty, in 2006 – 26%. Compared to 2005 the proportion has increased by 4 pp. For children the median poverty risk gap is by 4 pp higher than for the population in general (respectively, 29% and 25%), while in 2006 both for children and the whole population it decreased by 2 pp.

As the situation of children depends on the composition and size of the family, in 2006 both for large families and single-parent families the poverty risk has increased considerably, respectively 52% and 40%. However, it must be noted that comparing families without dependant children to families with children, the risk of poverty is lower in families with children. Also, the employment of parents is an important aspect in the life of children. The risk of poverty considerably differs in families without children and those with children yet where no household member is employed. In comparison to 2005 the risk of poverty has decreased by 1 pp in families with children where none of the household members is employed, which possibly is an indicator of the improvement in the efficiency of social protection system. However, the risk of poverty has increased by 3 pp in families with children where at least one of the household members has full time employment, reaching 11% in 2006.

A certain discrepancy between the poverty indicators and the self-assessment of the households could be explained that the EU-SILC income data were calculated from 2005 income, yet the household self assessment data were obtained over 2007. The average income of the proportion of the population with employment increased considerably in 2007 which was due to the high economy growth rates, yet the income of those receiving social transfers did not show such high increase and part of the receivers of social transfers who earlier were above the poverty risk threshold "fell" below it.

In general, main problems of families with children are related both to low income, causing difficulties in paying for the education of children and settling housing costs, and difficulties in reconciliation of work and family life, especially if there is a disabled child in the family or one of the parents is disabled. There is a shortage of pre-school educational institutions and alternative care services. Still there are reduced opportunities to work part time or by distance.

Domestic violence is a considerably relevant problem in the country. It is not easy to obtain accurate statistical data on the scope of this problem due to the fact that this type of violence usually happens in the private domain and is often not disclosed, as well as because of insufficient coordination between different institutions receiving information on this type of violence. One of the most qualitative statistical sources is data compiled by the health care system on injuries and damages registered when the patients turn for medical assistance to health care institutions. These data are revealed in the study "Violence and health"[30]. According to the study carried out in 2006 for 10.6% the cause of injuries and damages was violence. From that amount 10.3% were caused by domestic violence – physical, sexual or both combined. Women were subjected to domestic violence in 73% of the cases, men – 27%. In 74% cases violence was caused by males, in 14% - females, in the remaining cases the sex

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GMI level than the state has defined. In 2007 only 22 municipalities used this opportunity, i.e. 4.2% of total number of municipalities, in most cases increasing the GMI level just by few lats.

[30] A. Putnina. *Violence and health*, Riga, Ministry of Health, 2007, p. 64-65 Data source: Health statistics and medical Technologies state agency.

of the violator is not known. It is important to note that domestic violence is a social not individual problem as it affects each household member, and indirectly a much wider scope of the population. Recognizing the importance of this issue, on June 18, 2008 the government adopted the "Programme on Reduction of Domestic Violence 2008-2011"[31].

As regards education, an amount of dropouts from educational institutions at the level of basic education has to be mentioned (5.1% of the basic education school leaving age (form 9) in the academic year 2006/2007 did not receive the certificate of graduation), the insufficient number of young persons enrolled into secondary education (in Q1 2008 there were 259.9 thousand persons at the age 18-24 years); the number of persons at the age of 18-24 without secondary education and no further education – 40.3 thousand (15.52%), low social inclusion of children with functional impairments in general education schools (number of persons with functional impairments in general education schools excluding evening (shift) schools in the academic year 2006/2007 – 787 children).

A particular problem in the field of education is observed with the involvement of Roma children in the general education process, as well as with attendance of pre-school and basic education institutions by Roma children. The discrepancies between education and skills and the labour market requirements is one of the major causes for the high rate of unemployment among young people, which, in its turn, fosters social exclusion and risk of poverty of this population group.

Disability is related with increased material exclusion risk not only for the disabled person, but also for the family of that person. There is a total of 4% of households with a person with disability, but the proportion between poor households is higher - there are 14% of poor households having a family member with disability. Families where a member is a disabled person 39% live below the poverty risk threshold[32].

Main reasons for poverty and social exclusion of disabled persons are low income, lack of access and the still existing stereotypes. Public population polls reveal that only 21% of the disabled persons are employed. Only 6% are actively engaged in searching employment and would be willing to start employment within a two weeks time. The majority (73%) of disabled persons who are not employed are not seeking for employment, mostly (85%) believing that their health problems hinder them from employment. Main reason that hinders the disabled persons from searching for a job and according to their opinion also hinders them from finding employment is bad health, disability. The level of education among disabled persons is lower than the average level of education of the population. Despite the fact that one third (34%) of disabled have not received a certificate for profession/vocational qualification, only 13% of them attended any training courses over the last two years. Training by distance and part time studies at higher education institutions are important factors in raising the level of education among the disabled persons. Rehabilitation plays an important role in fostering the health condition and maintaining working abilities of the disabled persons. Current rehabilitation opportunities are insufficient and there is a need of rehabilitation services closer to the place of residence of disabled persons.

The risks associated with the employment and education of the prisoners and ex-prisoners are changes in the labour market (reduction of labour force deficit) that may decrease the interest of businesses in employing prisoners; the slowdown of the economic development that may affect the production volumes of the businesses involved in the employment of prisoners and impede development of new working places in prisons or even cause reduction of working places. Taking into consideration that probation clients have restricted opportunities to purchase or rent housing facilities at the market value, there is a

[31] Cabinet Order No 343 dated 18 June 2008.

[32] Study „Causes and duration of unemployment and social exclusion", University of Latvia Institute for Philosophy and Sociology.

risk that probation clients might start unregistered employment; due to the high rise of the subsistence minimum, the remuneration in the qualification received - assistant worker- may possibly not motivate the probation clients to enter the labour market; lack of possibilities to identify addiction, lack of provision of accessible, qualitative and complex medical treatment for persons with addiction does not facilitate the inclusion of the target groups in the labour market. At the same time a lack of state budget financing for the development of the infrastructure of the general and vocational education and for modernisation of the learning aids at institutions of imprisonment considerably hinder prisoners in access to education, which in its turn decreases the re-socialisation opportunities of the prisoners and their inclusion in the labour market after release from imprisonment. Also a low level of previous education and poor learning skills hinder the prisoners in acquiring further knowledge and skills.

Analysing statistical data disaggregated by gender, women in Latvia are more subjected to poverty than men, especially single women – 58% (49% men). Women show higher poverty rates than men as women usually have lower average income (wage, pension) which is explained by the fact that more women are employed in spheres with generally lower wages, but if they work in spheres with a high average wage, they usually do not occupy high and well paid positions. Also during childbearing and on parental leave or in cases when taking care of sick and elderly family members it often leads women to leave labour market. Decisive in these situations is a stereotype that caring for family members is a responsibility of women. Women also more often than men work only part time. From all employed men only 4.8 % work part time, compared to 8 % of women in 2007. At the same time, in Latvia compared to other EU countries, the opportunity to work part time is used less - 6.4% against 18.2 % of the total number of people employed. The average EU indicators are two to three times higher compared to Latvia. Partly this is explained by the fact that having a part time employment it is harder to earn sufficient income for the household.

By 6 pp the poverty risk has increased among the unemployed[33] reaching 65 % in 2006. Analysing the situation from the gender perspective, unemployed men are more subjected to the risk of poverty than unemployed women, respectively 72% and 56%. However, the poverty risk has increased by 2 pp also among employed reaching 11% in 2006. In 2007 similar to previous years the greatest proportion was among long term unemployed (18 %), young people in the age group 15-24 years (12.9 %), persons of pre-retirement age (11.1 %), persons after parental leave (7 %) and persons with disability (6.4 %).

Main population groups subjected to the risk of poverty in Latvia:

- retirement age persons (especially women and single retired persons);
- pre-retirement age persons;
- large families with several children and single-parent families;
- children.

Specific population groups subjected to risk of poverty and social exclusion in Latvia:

- disabled persons and persons with functional impairments;
- unemployed persons (particularly, long term unemployed);
- homeless persons;
- prisoners and ex-prisoners;
- the Roma;
- victims of people trafficking;

[33] Population in the age group 18 – 64.

- persons addicted to psychoactive substances (alcohol, drugs, toxic or other intoxicating substances);
- persons with insufficient, low or inadequate to the labour market knowledge and skills;
- needy persons.

Based on the assessment of the poverty and social exclusion situation, as well as in relation to the accessibility of different services, in 2008-2010 the following three social inclusion priority objectives are interposed:

1. **TO FACILITATE MORE EFFICIENT PARTICIPATION AND INCLUSION IN THE LABOUR MARKET.**
2. **TO IMPROVE THE INCOME SUPPORT SYSTEMS.**
3. **TO PROMOTE ACCESSIBILITY OF QUALITATIVE SERVICES.**

In order to achieve the set three policy priority objectives between 2008 and 2010 a variety of measures in cooperation with social partners shall be implemented via financing from the state budget, the budgets of local governments and financing of EU Structural Funds with the aim of promoting the inclusion of the target groups in the labour market, of improving their material situation, facilitating them access to the necessary services fostering a more efficient social inclusion.

2.3. Priority objective (1) – facilitate more efficient participation and inclusion in the labour market.

To implement this objective, the following quantified targets are defined by 2010:
- reach the level of employment (in age group 15-64) 70%, from them women – 67 %, elderly people – 58 %;
- reduce the proportion of long term unemployed of total number of economically active population up to 2.3%;
- increase the proportion of persons involved in vocational education by 28.85 % compared to total number of persons involved in education (26 % in 2007).

2.3.1. Improvement of the quality and accessibility of vocational education programmes

Improve the quality of primary vocational education programmes (indicator: the proportion of students involved in improved primary vocational education programmes against the total number of students involved in vocational education: 5 % in 2009; 50 % in 2013[34]) (MoE, EU Structural Funds)[35].

Provide support to young people involved in the primary vocational education in the priority support spheres (indicator: number of students who have received ESF support in the form of grants: 2000 in 2009, 10000 in 2013) (MoE, EU Structural Funds).

Develop measures of vocational orientation and career guidance in general, vocational and higher education institutions in cooperation with employers in order to increase motivation

[34] For certain measures which will be implemented with the support of EU Structural Funds, it is not possible to set indicators by 2010, therefore indicators are set until 2013.
[35] The ministry in charge of the implementation of the measure (regardless of whether the implementer is a ministry institution/under its governance/affiliated to it) and source of financing.

among young people to acquire qualifications with marked lack of labour force (indicator: number of students who have received vocational orientation and career guidance counselling: 20000 in 2009; 160000 in 2013) (MoE, state budget, EU Structural Funds)

Modernize the infrastructure and implementation of programmes of vocational education institutions (indicator: in 2009 two vocational educational institutions are adjusted to persons with functional impairments; in 2013 – 10 institutions; until 2013 infrastructure and training equipment modernized in 523 vocational education institutions; in 8 vocational education institutions modernized cabinets of vocational training subjects and workshops) (MoE, EU Structural Funds).

Develop career education for young people to acquire motivated further education and to develop their career (indicator: the number of visitors of national data base on education opportunities in Latvia; the study programmes developed and the number of career counsellors trained at the higher education institutions; the number of teachers trained for career guidance of different age groups of children and young persons; the number of new up-to-date information and career guidance centres in general, vocational and higher education institutions) (MoE, EU Structural Funds).

Facilitate access for disabled persons to vocational rehabilitation services (indicator: annually (2008, 2009, 2010) the implementation of 2 new vocational rehabilitation programmes launched; number of persons who received vocational rehabilitation) (MoW, state budget) */in 2007, 19 vocational rehabilitation programs provided; vocational rehabilitation services received 542 persons/.*

Promote inclusion of prisoners in vocational and interest education in imprisonment (indicator: modernized classrooms and special subject classrooms and workshops in 8 imprisonments; increase in the number of prisoners involved in vocational education programmes by 15% (of total number of prisoners); number of prisoners who have received a certificate of education) (MoJ, state budget) */Until 2007 by means of EQUAL workshops and premises were established in 9 prisons corresponding to contemporary requirements for vocational education needs; on September 1, 2008 6.2 % prisoners (409 persons) were involved in vocational education institutions compared to total number of prisoners; in 2007 certificate on acquisition of general education received 135 prisoners (91 prisoners in 2008) and certificate on acquisition of vocational education – 358 prisoners (272 prisoners in 2008)/.*

Promote the opportunities for training and integration in the labour market of unemployed persons and job-seekers – population groups subjected to the risk of social exclusion (indicators: number of unemployed persons in vocational training, re-qualification and raising the level of qualification in 2008 – 2234, in 2009 – 11400, in 2010 – 9200; 40 % entered into employment after engagement in vocational training, re-qualification and qualification raising measures) (MoW, state budget, EU Structural Funds) */In 2007 3893 unemployed persons were involved vocational training, re-qualification and qualification raising for unemployed/.*

2.3.2. Measures for extension of employment opportunities

Promote reconciliation of work and family life (indicators: as of January 1, 2009 parental benefit defined equal to 100% from the receiver's average insurance contribution wage; the number of persons receiving parental benefit; methodology prepared for legal persons for

establishing child care day centres at places of employment; annually (in 2008, 2009 and 2010) 2 children play centres established and the material technical base of at least 5 of the already existing play centres improved) (MoW, MoC, state budget, social insurance special budget) */Until January 1, 2009 paternity benefit is defined in amount of 80 % from the receiver's average insurance contribution wage; average number of paternity benefit beneficiaries in 2007 is 8.1 thousand (8601 per month); in 2007 there were 44 children play centres (in 2007 seven children play centres were established); in 2007 services were developed in two children play centres – environment adjusted to child's physical activities and games and toys were purchased/.*

Facilitate the employment of prisoners, including development of business activities in imprisonments (indicators: the number of employed prisoners increases by 5-10 % until 2010; the number of workplaces for convicts in imprisonment) (MoJ, state budget) */1393 prisoners (31.3 % of total number of prisoners able to work) entered into employment in 2007/.*

Facilitate the employment of persons subjected to the social exclusion risk (indicator: number of persons involved in active employment measure "Measures for specific group of persons" (including subsidized employment) in 2008 – 1012, in 2009 and 2010 – 400) (MoW, state budget) */In 2007 1816 unemployed persons were involved in measures for specific group of persons/.*

Ensure for unemployed the opportunity to adapt to labour market requirements and test more appropriate workplaces (indicator: the number of persons involved in active employment measure "Employment tests": 450 in 2008; 450 in 2009 and 2010) (MoW, state budget).

Provide complex support programme for the inclusion in labour market of the unemployed persons subjected to the risk of social exclusion (indicator: number of persons involved in active employment measure "Complex support measures" in 2008 – 41, in 2009 – 2000, in 2010 – 2300) (MoW, state budget, EU structural Funds*) /In pilotproject in 2007 there were involved 284 persons with disability/.*

Provide short term temporary employment opportunities for unemployed persons with problems of inclusion in the labour market in territories with the highest level of unemployment (indicator: number of persons involved in active employment measure "Paid temporary employment" in 2008 – 7478, in 2009 and 2010 – 7500) (MoW, state budget) */In 2007 10284 unemployed persons were involved in paid temporary works/.*

Promote the self-initiative and motivation of unemployed persons for self-employment or launch of own business (indicator: the number of persons involved in active employment measure "Promotion of business activity or self-employment" in 2008 and 2009 - 80, in 2010 – 56) (MoW, state budget).

Promote the employment and mobility of ex-unemployed persons during the probation time at the new workplace (indicator: the number of persons involved in the preventive unemployment reduction measure "Promotion of regional mobility" in 2008 – 200, in 2009 and 2010 – 400) (MoW, state budget).

Provide career choice and motivation for the population (unemployed persons, job-seekers, employed persons, students etc.) (indicator: the number of persons involved in the preventive

unemployment reduction measure "Career counselling" in 2008 – 47500, in 2009 and 2010 – 48000) (MoW, state budget) */In 2007 44252 persons received career counselling services/.*

Promote equal employment opportunities and accessibility of services by ensuring reconciliation of work and family life (indicator: until 2009 to renovate and establish anew nine pre-school education institutions) (MoRDLG; EU Structural Funds).

2.4. Priority objective (2) – improve the income support systems

In order to achieve this priority objective the ***quantified target until 2010*** – to reduce poverty risk index by 2 pp (23 % in 2006) - is defined.

2.4.1. Persons with low income

Increase the minimum wage (indicator: in 2008 – 48%, in 2009 – 49% and in 2010 50% from the forecasted average monthly gross salary of the employees for the previous year) (MoW, state budget).

Increase the guaranteed minimum income to needy families and persons (indicator: amount of GMI benefit on which agreement between MoW and Latvian Association of Local and Regional Governments has been reached) (MoW; local governments, the budgets of local governments) */GMI benefit LVL 27 in 2007/.*

Improve support system to persons to cover expenses for housing (indicator: housing benefit defined by legislation as the second mandatory (first – GMI benefit) social assistance benefit of local governments; in 2008 expenses of local governments for housing benefits increase from 24% to 28% from the total expenses of local governments used for social assistance benefits; in 2009 – up to 35%, in 2010 – up to 40%) (MoW, local governments, the budgets of local governments).

Continue reducing the tax burden to persons with low income and disadvantaged groups (indicator: increased non-taxable minimum amount exempt from personal income tax from 80 LVL in 2008 to 90 LVL in 2009; amount of reduced tax-burden for dependent persons increased form 56 LVL in 2008 to 63 LVL in 2009; raised non-taxable income for retired persons) (MoF; state budget).

Implementing the EC programme, continue to provide the support to most needy persons by distributing certain types of food products (indicator: the number of persons planned and number of persons actually served) (MoA, EU Structural Funds).

Foster gradual increase in life quality of disabled persons, children who have lost their providers and unemployed persons who exceed the age ensuring eligibility to old-age pension and a more active integration of disabled persons (indicator: as of January 1, 2009 the amount of the state social security benefit for disabled since childhood – LVL 75 /month) (MoW, state budget) */Until January 1, 2009, the state social security benefit for disabled since childhood – LVL 50 /month/.*

2.4.2. Families with children

Support families with children of pre-school age ensuring partly state funded lunch (indicator: as of September 1, 2008 100% of first year children of primary school receive partly state funded lunch; it is planned that from January 1, 2009, 2010 and 2011 100% of primary school children of the first year receive partly state funded lunch) (MoC, budget of local governments and state budget).

Improve financial support system to families with children (indicator: as of January 1, 2009 the supplement to the family state benefit for a disabled child – 75 LVL/month) (MoW, state budget).

Improve the state provided maintenance guarantee payment system (indicator: in 2008 a concept-paper prepared on maintenance payment from the maintenance guarantee fund to children after coming of age if they continue studying; as from 2010 state guaranteed minimum maintenance provided to 415 children after coming of age if they continue to acquire education at secondary or vocational education institutions in day departments but not longer than till 24 years of age) (MoCF, state budget).

Develop financial support system to foster families (indicator: in 2008 informative report to the Cabinet on the fulfilment possibilities of the measure defined in the Concept on Foster Families - to provide payment of the maintenance allowance from the state budget LVL 32 per month, a study carried out on out-of-family care system; until March 1, 2009 concept paper prepared on solutions for increasing the financial support to foster families) (MoCF; state budget).

Improve the financial support to guardians in order to raise life quality of children who have lost parental care (indicator: as of 2009 the guardian benefit for child maintenance defined 45 LVL/month) (MoCF, state budget) */Amount of guardian benefit for maintenance of child – 32 LVL per month in 2008/.*

Ensure financial support to the adopters (indicator: as of 2009 compensation for the adoption of one child – LVL 1000, for care until adoption – 35 LVL/month) (MoCF, state budget) */Compensation for the adoption of one child in 2008 – LVL 1000, for care until adoption – 35 LVL/month in 2008/.*

2.4.3. Persons at retirement age

Continue the increase of supplements to pensions (indicator: average supplement to the pension in 2008 – LVL 11.63, in 2009 – LVL 22.30, in 2010 – LVL 22.30) (MoW; state social insurance special budget) */In 2007 the average amount of supplement – LVL 6.88/.*

Define supplement to all old age and disability pensions for the insurance length until December 31, 1995 irrespective of the total insurance length and amount of the pension (indicator: average number of persons receiving supplements in 2008 – 418.9 thousand, in 2009 – 537.7 thousand, in 2010 – 537.7 thousand) (MoW, state special social insurance budget).

Perform indexation of all pensions irrespective of the amount of the pension, including pensions exceeding LVL 225 (indicator: average pension increase in 2009 – LVL 22, in 2010 – LVL 16.70) (MoW; state special social insurance budget).

2.5. Priority objective (3) – foster accessibility of qualitative services

To implement this objective, the following ***quantified targets are defined by 2010***:

- increase the level of education of adults up to 12.5% (persons aged 25-64, that have been involved over the year against % in the given age) */7.1 % in 2007/;*
- increase the proportion of young persons (aged 20-24) with at least secondary education up to 85% */82% in 2007/*;
- increase the proportion of those who finish primary school and receive diploma for primary education up to 89% against the total number of all who finish primary school */In 2007 diploma received 88.94 % from total number of those who finish school/;*
- increase the number of newly established local municipality apartments financed from the state and local government budgets within the framework of the rent housing fund of the local government by 0,4 % (300 apartments) */78241 apartments in the end of 2007/*;
- increase the number of newly established local municipality social rent apartments financed from the state and local government budgets within the framework of the social rent housing fund of the local government by 3 % (110 apartments) */3664 social apartments in the end of 2007/.*

In 2008 - 2010 the assessment of the services and the efficiency of their provision in the established service centres (hereinafter SC) will be continued. The goal of the mentioned service centres is to provide to the inhabitants of those parishes and regional municipalities which do not have a municipal administrative centre to receive services stipulated in the legislation as close to their place of residence as possible and in adequate quality. By 2007, 39 such service centres have been established, their work has been assessed, problems and the development perspectives identified. In 2008 – 2010 the following tasks are interposed: (1) assess the work of the newly established SC; (2) prepare methodology for successful operation of mentioned SC; (3) analyze the accessibility and quality of the services provided to the residents; (4) prepare recommendations on inclusion of necessary types of services in the "minimum basket" of the centres with different level development (MoRDLG; state budget).

In each planning region mid-term development programmes of social services shall be prepared with the aim of improving the social and functional skills of persons with functional impairments and their family members, homeless people and other population groups subjected to the risk of social exclusion, in order to promote employment and social inclusion. Analysing the situation, in each region there will be identified target groups to whom social services in definite territories are necessary and accordingly requisite solutions will be planned (MoW; state budget, EU Structural Funds).

2.5.1. Education

Facilitate the development of inclusive general and vocational education system (indicator: number of persons with special needs involved in general and vocational education institutions increases by 19 %, in 2012 – by 27 % (% from the number of students with

special needs); measures for the development of inclusive education and support system for young people subjected to social exclusion risk; number of support service centres established in local municipalities – 10; in 2009 3 methodological counselling centres established; till 2010 15 general education schools adjusted for students with functional impairments) (MoE, local governments, EU Structural Funds). */In academic year 2007/2008 294 students with special needs studied in vocational education institutions/.*

Ensure education opportunities for children at the age of mandatory education of the persons who have been granted the status of refugees and asylum seekers and of guest workers (indicator: number of students enrolled in general education) (MoE, state budget) */On September 1, 2009 three Somali study at Cēsu evening secondary school/.*

Improve general education opportunities in imprisonment (indicator: number of general and vocational education programmes developed for implementation in imprisonment) (MoE; state budget).

Improve pedagogical qualification for work with different target groups (including persons with special needs, persons from imprisonment, refugees, immigrants) (indicator: 5000-7000 pedagogues trained for work with different target groups) (MoE, state budget).

Develop adequate education and further education opportunities for children and young people with learning difficulties and with a low level of primary skills (indicator: number of education programmes implemented in social correction education institutions; number of young people provided with support measures) (MoE; state budget) */On September 1, 2008 6 social correction programs implemented/.*

Ensure education opportunities for Roma (indicator: amount of the Roma children enrolled in general education schools increases by 10 %; number of the Roma children exceeding the age of mandatory education involved in the process of education increases by 5%) (MoE; state budget) */On September 1, 2008 350 Roma children study in comprehensive schools; 35 Roma children exceeding the age of mandatory education enrolled in education process/.*

Ensure support to general evening (shift) schools (indicator: developed 64 education programmes) (MoE; state budget).

Promote participation and acquiring of life skills of young people subjected to social exclusion risk, by teaching social workers and persons involved in the work with youth on use of informal education with this target group (indicator: annually over the period 2008., 2009. 2010 – at least 2 training sessions organised (number of attendees at each training at least 20) for social workers and persons involved in the work with youth; at least 1 informative material published on the use of informal education working with young people subjected to the risk of social exclusion) (MoCF, State Agency International Programmes for Youth).

2.5.2. Services for families with children and young people

Continue to ensure EU and state support for milk supply to students in general education institutions (indicator: number of education institutions involved in the “School milk” programme) (MoA, state and EU budget).

Improve services provided by out-of-family child care institutions (indicator: in 2008: established a group house (apartment) in at least one out-of-family care institution; methodological recommendations developed for orphans' courts and out-of-family child care institutions on guest family as a form of support for children of out-of-family care institutions) (MoCF, state budget) */2 group houses (apartments) in out-of-family care institutions in 2007/.*

Improve accessibility and quality of alternative out-of-family child care forms (indicator: the number of foster families increases up to 360 in 2008, 390 - in 2009 , 420 – in 2010; the number of children adopted in Latvia increases up to 100 in 2008, up to 120 in 209 and 2010; the number of foster families without any children placed reduced by 50%) (MoCF, state budget) */In 2007 304 foster families; 90 adopted children; foster families without any child placed – 104, though currently 47 foster families are not able to place any child /.*

Develop and improve family support and coordination system (indicators: in 2008 one multifunctional crisis centre established, as of 2008 foster families, guardians and adopters, also families in crisis situations opportunity provided to receive 2597 consultations of psychologists (annually in 2009 and 2010 – 1200 counselling); annually until 2010 12 support groups created in Latvian regions for families, foster families, adopters and guardians; a family support coordination system plan developed and the number of specialists trained working in sphere of protection of the rights of children) (MoCF, state budget) */In 2007 2 multifunctional crises centres established; in 2007 provided 2670 consultations of psychologists; in 2007 established 10 support groups in Latvia regions for families, foster families, adopters and guardians/.*

Develop support measures for families with children (indicators: material technical support provided for supplement of scope of services in family support centres, for development of services` quality and increase of scope of services for not less than five family support centres) (MoCF; state budget) */Altogether 26 centres established with the support by MoCF/.*

Improve state support mechanism for local municipalities for ensuring accessibility of services necessary for young people (indicator: new youth initiative centres established in local municipalities where counselling on voluntary work and informal education is available, as well as on the possibilities on useful way of spending leisure time, in 2008 – 9, in 2009 - 2, in 2010 - 4 (MoCF, state budget) */In 2007 10 new youth initiative centres established/.*

In regions enhance the opportunities for young people to participate in physical activities thus promoting healthy life style and useful way of spending leisure time for young people (indicator: until 2010 10 projects have been implemented in the regions adjusting the environment so as to ensure possibilities of physical activities) (MoCF, state budget) */Until 2007 with the MoCF support there were implemented 19 projects of environment adjustment for provision of physical activities for youth/.*

Improve accessibility of services to families for solving conflict situations (indicator: 180 mediation consultations provided in 2008; 200 in 2009; 220 in 2010) (MoCF; state budget) */In 2007 101 mediation consultation was provided and 32 couples used this opportunity/.*

Improve family support system in local municipalities (indicator: in 2008 a pilot project implemented on support and coordination system for children, parents, state employees and employees of local governments (specialists in education, social workers, employees of law

enforcement institutions) to promote cooperation between students and their parents with education institutions and local governments) (MoCF, state budget) */In 2007 with the support of MoC 30 youth initiative centres operated/.*

Ensure accessibility of social rehabilitation services in cases of violence for adults (indicators: annually in 2009 and 2010 social rehabilitation provided for 200 adults within an institution and for 300 adults at their place of residence; from 2010 individual counselling provided for persons who committed violence – for 100 persons and for 50 persons in group therapy) (MoW, state budget).

Foster the development of social work in local municipalities (indicator: in 2008 and 2009 – partly granted state financed remuneration 124 LVL/month for one social worker who works with families and children) (MoW, state budget) */In 2007 partial remuneration was provided for 196 municipal social workers during 4 months period/.*

2.5.3. Housing

Improve to residents an accessibility of housing by stimulating the construction of tenement and social housing of local municipalities (indicator: earmarked subsidies allocated for local governments in 2008 – 12) (MoEc, state budget) */In 2007 subsidies were granted to 13 local governments/.*

Improve accessibility of housing to certain groups of population ensuring the state co-financing in the amount of 50% to local municipalities for the disbursement of the benefit for vacating living premises (indicator: number of persons to whom state co-financing is allocated for local governments for provision of payment of benefits: in 2008 – to 700 persons, in 2009 – 700 persons) (MoEc, state budget) */In 2007 state co-funding for payment of benefits allocated to 791 people/.*

Promote accessibility of housing by providing possibility to families with children and the tenants renting apartments from lawful owners or owners of denationalised houses to acquire or build their own housing (indicator: mortgage loan guarantees issued for purchase or construction of housing: in 2008 – 130) (MoEc, state budget) */In 2007 there were issued 90 guarantees/.*

2.5.4. Transport

Ensure accessibility of public transport (indicator: number of adjusted buses and railway stations (5 % from 171 railway stations); number of adjusted railway platforms; number of new or modernized adjusted public transport vehicles) (MoT, state budget, EU Structural Funds) */On September 1, 2008 bus terminal was adjusted by 90 %; of 171 railway stations no one has been yet adjusted; 617 adjusted buses (in 2007 purchased 25 new buses)/.*

2.5.5. Prisoners and persons released from imprisonment

Improve and develop health care at imprisonment (indicator: number of prisoners who received health care during imprisonment; capital repairs until 2010 carried out in Medical departments of 13 prisons) (MoJ; state budget) */In 2007 ambulatory assistance was provided in 88475 cases (on average one prisoner receives ambulatory assistance 14 times a year).*

Stationary treatment in hospital received 1597 prisoners; in 2007 repairs were made in 3 prisons/.

Ensure social behaviour correction for probation clients in order to prevent commitment of repeated crimes (indicator: agreements signed with providers of social rehabilitation services in 2008 – 11, in 2009 and 2010 – 13 agreements) (MoJ; state budget) */In 2007 seven agreements were signed/.*

2.5.6. Disabled persons and elderly people

Continue implementation of equal opportunities policy for disabled people (indicator: report on the implementation of the concept "Equal rights to all" (1998 – 2010); report on the implementation of "Action Plan for the Implementation of the Guidelines on Disability and Reducing its Consequences 2005-1015"; action plan developed for implementation of the UNO Convention on the rights of persons with disabilities) (MoW; relevant line ministries; local governments).

Create pre-conditions for the improvement of social care services` system for persons with mental disorders (indicator: programme for the development of social care services for persons with mental disorders 2009-2013 developed in 2008) (MoW; state budget).

For persons with mental disorders who live in social care institutions ensure opportunities for re-integration in society and acquire skills necessary for independent life (indicator: the number of persons who used services of half-way homes: in 2008 – 190, in 2009 – 240, in 2010 – 300). (MoW; state budget) */In 2007 services of half-way homes used 110 persons/.*

Improve accessibility of alternative social care services for persons with mental disorders (indicator: annually in 2008, 2009, 2010 established 3 state co-financed group houses and day-care centres) (MoW; state and municipal budget).

Promote development of alternative social care services for persons of retirement age (indicator: services at home provided: in 2008 for 10000 persons, in 2009 – 10500 persons, in 2010 – 11000 persons) (MoW, municipal budget) */In 2007 services at home received 10851 persons/.*

Facilitate access to services and equal employment opportunities, ensuring social care, development of social skills and spending of free time possibilities for children, persons with functional disorders and persons of retirement age (indicators: until 2009 support 6 alternative care centres (13 until 2013); provide alternative care services for 231 persons (500 persons until 2013) (MoRDLG; EU Structural funds).

2.6. Better governance

The Ministry of Welfare is responsible for coordination of the social inclusion policy in country, as well as for coordination of the horizontal policy of gender equality and equal opportunities for disabled people and the integration thereof with other line policies. On June 26, 2007[36] the task of coordinating the horizontal policy of equal opportunities on gender

[36] Pursuant the Cabinet Regulation No. 410 dated 26 June 2007, "Order on preparing planning documents by institutions involved in the absorption of EU Structural Funds and Cohesion Fund and the implementation of these funds".

equality, disability and ageing in respect of EU Structural Funds and Cohesion Funds was delegated to the Ministry of Welfare. In order to perform the above mentioned functions the Social Inclusion Policy Department was established on July 1, 2007[37]. It has to be noted that the growing importance of horizontal policies within European Union promoted the establishment of the department. These are policies the objectives of which cannot be fulfilled with the resources available at one institution or within one line policy but only by cooperation between institutions. Such policies are implemented with the so-called dual strategy comprising the measures within the scope of responsibility of the coordinating institution for solving particular problems and inviting other line ministries to observe the principles of gender equality and equal rights for disabled people and the aspects of ageing of the population.

Preparation process

After receiving the guidance note from Commission for preparing reports, the work was launched. The responsible for preparation of the Pension Strategy Report (Ministry of Welfare) and the National Health Care and Long Term Care Strategy Report (Ministry of Health and Ministry of Welfare respectively) were identified. With the responsible persons meetings were organized in order to discuss the scope of information to be included in the reports and all unclear issues were addressed.

All parties were involved in the process of development of the NAP/incl. 2008 – 2010. Two Social Inclusion Policy Coordination Committee meetings were held (see section "Mobility and Involvement of the Stakeholders") (hereinafter – SIPC Committee) during preparation of Report. During first meeting discussions were held and opinions shared on the social inclusion policy priority objectives. After defining the objectives, all line ministries were requested to submit information on existing and planned measures the implementation of which would facilitate the fulfilment of the set priority objectives. In the second SIPC committee meeting the information and measures submitted by line ministries were analysed and quantified targets identified.

Following agreement on the inclusion plan with line ministries, social partners, NGOs representing groups of population subjected to the risk of poverty and social exclusion and local governments, the Report was sent for approval to the Cabinet of Ministers.

Mobility and involvement of the stakeholders

In order to facilitate the coordination of the implementation, monitoring and development of the social inclusion policy and to involve all interested parties in these processes, in February 2007 a Social Inclusion Policy Coordination Committee was established. The SIPC Committee involves representatives from almost all line ministries and other state administrative institutions as well as representatives from local planning regions, non-governmental organisations, Central Statistical Bureau and Parliament. Within the SIPC Committee the information level of its members on social inclusion issues is being raised - on good practice examples within the social inclusion field, statistical data on social protection and social inclusion, negotiations held on topical problems of poverty and social exclusion in Latvia, priorities identified for the promotion of social inclusion.

In 2007 and 2008 6 SIPC Committee meetings have been held. In the reporting period information on the documents prepared by EU institutions on the situation of poverty and social exclusion in Latvia and EU member states, as well as on good practice examples within

[37] There are 3 units in the department: Social Inclusion Coordination Unit, Gender Equality Unit and Policy for Equal Rights of the Disabled Unit.

the social inclusion sphere, coordination of horizontal policy issues "Equal opportunities" within EU Structural Funds, on possible solutions for improving the situation of particular population groups subjected to the poverty risk (e.g. – retired persons), and European Year for Combating Poverty and Social Exclusion (2010) and other issues were discussed.

Policy coordination and integrity

Social inclusion policy is coordinated primarily through the SIPC Committee. As various interested parties are involved in the SIPC Committee different topical social inclusion policy issues are discussed within its framework.

Ministry of Welfare and namely the Social Inclusion Policy Department (hereinafter – Department) is responsible for the coordination of the social inclusion policy. One of the tasks of the Department is to provide statements on the draft policy planning documents and draft legal acts prepared by state institutions, institutions of local governments and ministry structural units, paying particular attention to the annotations attached to legal acts, providing analyses on their impact on the development of society and economy. The Department monitors whether the principles of equal opportunities irrespective of age, gender, disability or other factors have been observed. It is important that those persons who prepare legal acts are aware of how the act will impact different population groups and the population groups subjected to the risk of social exclusion in particular. The Department also participates in various working groups on the preparation of legislative acts and policy planning documents that might have a future impact on the status of the population groups subjected to social exclusion.

For coordination of the social inclusion policy the actual implementation of the recommendations prepared within the framework of EU initiative EQUAL programme was monitored based on the objective of EQUAL to combat all types of discrimination and inequality in the labour market and to support the inclusion of population groups subjected to social exclusion risk in the labour market. After joining the EQUAL programme in 2004, within three years nine projects have been implemented in Latvia. For that purpose all line ministries for which the recommendations are binding received letters, alerting the ministries to these recommendations. MoW as the governing institution for the national policy of combating poverty and social exclusion, for gender equality and equal rights of participation of disabled persons will monitor the implementation of the recommendations prepared based on the project.

Monitoring and evaluation arrangements

NAP/incl 2008 – 2010 comprises tasks and measures within competence of several line ministries and local governments. Every year line ministries will submit to the MoW information on the implementation of the tasks defined in the NAP/incl, and the compiled informative report will be submitted to the Cabinet of Ministers. SIPC committee meetings will regularly evaluate the implementation process of the NAP/incl. Line ministries responsible for the effective implementation of the NAP/incl will report to SIPC committee members on the results achieved in social inclusion field.

3. NATIONAL STRATEGY REPORT ON PENSIONS

3.1. Succinct progress

The ideology embedded in the Latvian pension system is focused on incentives for population in the working age to remain in the labour market as long as possible, continuing work after reaching the defined minimum retirement age. The old age pension amounting within the NDC PAYG scheme depends not only on the accumulated pension capital, but also on the actual retirement age and life expectancy after retiring.

Pension system in Latvia is financially sustainable in the conditions of population ageing, flexible in respect to the age of retirement as people can opt for retirement at any age not less than the age defined by the legislation governing the respective scheme, in respect to the ways of accumulation pension capital (as it covers the NDC PAY scheme and schemes where funds are invested in the financial capital market), in respect of securing payment of pensions by providing for the state mandatory pension and, in addition, life annuity pension offered by life insurance companies as well as disbursement of capital accumulated in private pension funds.

However, due to the significant proportion of "grey-sector" economy, low average salary, regional disparities, pension amounts that depend on social insurance contributions are frequently inadequate, also the group of people who actually retired until 1996 are practically not covered either by the transition or new system elements, but have suffered from the monetary reform and high inflation at the beginning of 1990s as well as today. Therefore one of the national priorities is maintaining the life standard of persons after actual retirement.

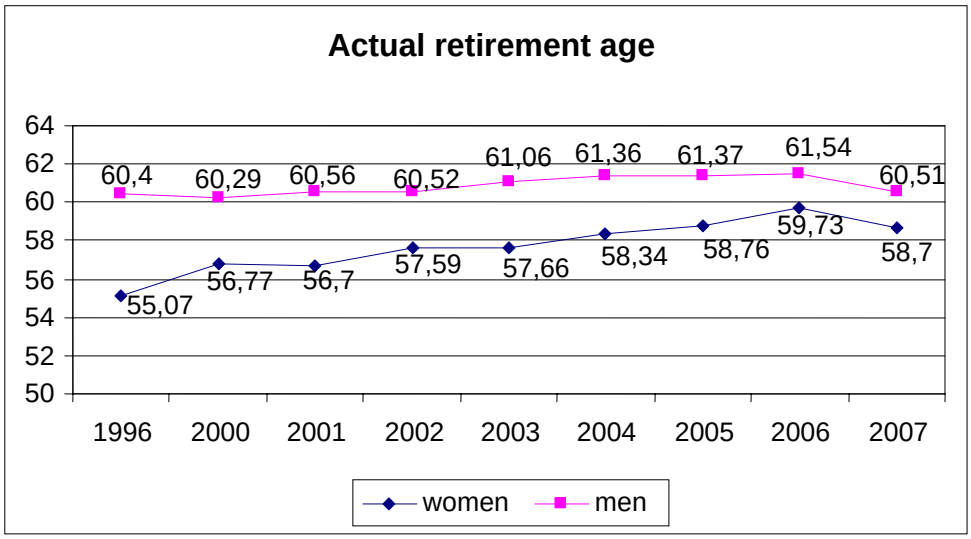
In 2007 pension was paid out to a total of 560.9 thousand persons (62% women and 38% men), from them old age pensioners 467.2 thousand. Compared to 2005, the total number of pensioners decreased by 20 thousand persons, while the number of old age pensioners decreased by 8.4 thousand persons, which is accounted for by the gradual increase of the retirement age.

Gradual increase in the minimum retirement age was carried out in Latvia both for men and women in order to reach 62 years. Men already reached this age in 2003, but for women the gradual increase in minimum retirement age continued until July 1, 2008. For women on July 1, 2008 the retirement age was 61.5 years. From July 1, 2008 both for women and men, the retirement age is 62.

The number of people opting for early retirement is decreasing annually. If in 2005 there were 5.9 thousand persons opting for early retirement (39.1% from all old age pensions paid), in 2007 - 3.7 thousand persons (58% women and 42% men) or 23% from all old age pensions granted in 2007. The amount of old age pension granted to these persons was 80% from the calculated old age pension by the time of reaching the retirement age, and in 2007 the average amount of pension in case of early retirement was LVL 109.12.

However, there still exist several categories of population (heritage from old system) with a very low retirement age, for example, persons employed and working in harmful conditions, although the retirement age for this group of population was raised on January 1, 2007. Currently the lowest retirement age defined by Law is 46.5 for women and 51.5 for men. In 2007 the proportion of persons who were eligible for early retirement on eased conditions was 12.7% from the total number of old age pensioners (in 2005 – 11.6%). Therefore the actual retirement age considerably decreased in 2007 - by 1.03 years (see Figure 3).

Figure 3.



As of 1996 the government has declared a minimum old age pension amount, i.e., if the accrued pension amount is below it, state supplements it to reach the minimum. Currently the minimum old age pension is defined based on the state social security benefit (LVL 45) applying factors depending from the insurance record. This means that the amount of minimum old age pension increased when the government increased the state security benefit (for the last time it was increased in 2006), also, as of January 1, 2007 higher amount of minimum old age pension has been defined for persons with insurance record of and exceeding 41 years. In 2007 the minimum pension ranged between LVL 49.5 - LVL 76.5 and it was received by 50.2 thousand retired people (62.6% women and 37.4% men), i.e. 10.6% from all old age pensions, and, if compared to 2005, granted old age pensions were received by 11.0% less.

In case of income inadequacy, residents are entitled to claim for social assistance from their municipality. There exist various legislative acts in Latvia defining the following municipal social assistance benefits: benefit for ensuring the guaranteed minimum income (GMI benefit), housing benefit, lump-sum benefit in a case of emergency. Moreover, municipalities have the authority to pay other benefits prior provision of the guaranteed minimum income benefit to the residents. GMI benefit and housing benefit (both in cash and in kind) are means-tested and granted based on the assessment of financial and other resources of the claimant's household. In this case pensions as well as state benefits are considered as the person's income. Pension recipients are the main target group for the provision of municipal housing benefit and benefit to compensate costs for medical care. In 2007 municipal social assistance benefits were received by 317 thousand persons from which tested benefits were received by 197.9 thousand persons, including 36.9 % pensioners.

With the increase of the individual contribution wage and the choice to delay actual retirement the amount of newly granted (for the first time) old age pensions is increasing, being 138.03 LVL in 2007 and this amount has increased by 43.59 LVL over the last three years, constituting 51.3% of person's previous income.

In order to compensate decrease in pensioners' purchasing power due to inflation and to ensure real increase in pensions, pensions (depending on their amount) are being regularly indexed. As of 2006 pensions the amount of which does not exceed triple amount of the state social security benefit - LVL 135 are annually indexed twice in accordance with consumer

price index and 50% of real growth of contribution wage. However, pensions that exceed the state social insurance benefit more than three times, but not exceed it five-fold, i.e. from LVL 135 – LVL 225 are being indexed once a year in accordance with consumer price index. Taking into consideration the high growth of the inflation rate, in 2008 the scope of persons to whom indexation was applied more often was increased, i.e. twice a year for pensions not exceeding LVL 150. As a result of indexation since 2005 the amount of state pensions increases by an average 29.35 LVL (37.2%), including old age pensions by 31.02 LVL (38.1%).

Since 2006 a supplement to old age pension is being granted to old age pension beneficiaries residing in Latvia the total insurance record of which is not less than 30 years and the amount of pension of which does not exceed LVL 105 per month, for insurance record that has been accumulated until December 31, 1995 and has been taken into consideration when calculating (re-calculating) the pension. As of 2007 the supplement to old age pension is granted also for pension receivers the accumulated insurance record of which is at least 30 years and the amount of pension does not exceed LVL 135 per month, as well as to pension receivers who have worked in harmful conditions if their total insurance record is not less than 25 years and the amount of pension does not exceed LVL 135 per month (if they had not been granted this supplement already in 2006). In 2007 the supplement to old age pension was received by 373.5 thousand persons, i.e. 80% from all old age pension receivers. The average amount of the supplement was LVL 6.88.

For calculating the amount of the supplement each insurance record year accumulated until December 31, 1995 is considered. The supplement to old age pension per each insurance record year from January 1, 2006 until June 1, 2008 is LVL 0.19. From July 1, 2008 the amount of the old age pension supplement per each insurance record year accumulated until December 31, 1995 is LVL 0.40. Accordingly, the amount of the supplement will increase by an average LVL 7.22 as a result the average supplement amount will reach 14.1 LVL.

As of June 1, 2008 the insurance qualification period limit has been cancelled for granting old age pension supplement and the amount of pension has been increased from LVL 135 up to LVL 225 for eligibility for old age supplement. Accordingly, supplement to old age pension will receive still 77.8 thousand persons.

Also the pension calculation scheme has been changed, defining that as of January 1, 2006 pension can be recalculated irrespective of the number of months employed, while as of January 1, 2007 if the person after having been granted (re-calculated) the pension has been employed and accumulated pension capital, the pension of this person can be recalculated once a year irrespective of the number of months employed instead of earlier defined once in every three years. There is also a possibility to recalculated the disability pensions, taking into account the additionally accumulated insurance record, in that way increasing the amount of the disability pension and promoting disabled persons to enter labour market.

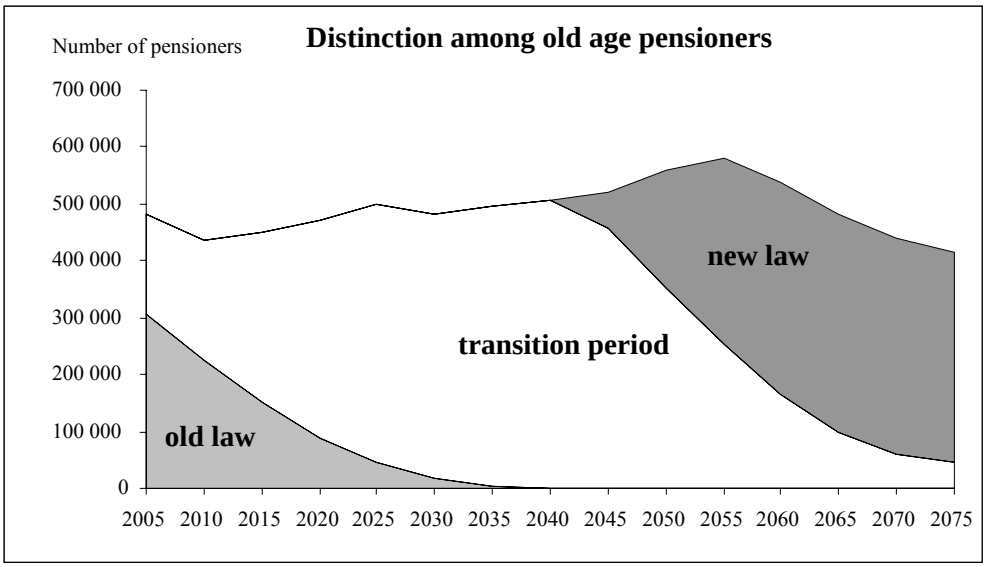
As of January 1, 2007 in cases of death of a pension receiver the surviving spouse is entitled a lump sum survivor's support in the amount equal to two pensions of the deceased spouse. The right to this allowance is granted if the surviving spouse on day of granting this allowance is a retired person and the retired spouse died after January 1, 2007. This allowance was received in 2007 by 6.6 thousand persons.

3.2. Overview on adequacy of the pensions

Notional defined contribution pension scheme (NDC PAYG) covers both pensioners, whose pension was granted before 1996 (54,8 %) and pensioners, whose pension according to the new legislation is calculated by the new pension formula (45,2 %) basing on social insurance contributions, which have been made since January 1996 registered in a

personalized account. A long transitional period has been defined in Latvia that will end when the generation which began to accumulate its pension capital under the new regulations (since 1st January 1996) will retire (see Figure 4).

Figure 4.



Socially insured persons (employees, self-employed etc.) making social insurance contributions provide pensions for current pensioners, while simultaneously accumulating pension capital for their own pensions – in 2007 1 202.4 thousand socially insured persons ensured pension disbursement to 560.9 thousand pension receivers. In order to ensure uninterrupted pension insurance record during the periods, when a person is economically inactive – being unemployed, on parental leave - social insurance contributions are made from the state budget. The number of socially insured persons is growing on yearly basis and the number of employees and self-employed persons since 2005 has grown by 76.8 thousand or 7.2%, while the number of persons insured from the state budget – by 4.2 thousand or 8.6%.

Social insurance contributions for pension insurance are being registered in the personalized accounts and indexed by social insurance contributions wage indexes. So, it is possible to say, that notional pension capital is earning interest, like it happens when investing financial resources, however, in NDC PAYG pension scheme the capital "profit" is being defined by increase in wage amount and increase in the number of contributions payers, whereas the increase in capital within funded pension schemes is being defined by financial capital market fluctuations. If in the second year of reform the index of contributions wage was 1,03, then, due to the increase in the number of socially insured people and amount of wage, in 2007 the respective index was 1,3593.

The number of contribution payers to funded pension schemes since their commencement has increased 2.3 times and in 2007 was 997.7 thousand (men – 47% and women – 53%) or 67% from the economically active population, while the number of contribution payers to private pension schemes at the end of 2007 was 143 thousand or 9.6 % of the economically active population (50% men and 50% women).

Participation in funded pension scheme and pension plans is a long term investment, offering the opportunity to accumulate a bigger pension capital and accordingly ensuring a higher income substitute level at old age. According to the forecasts with a 47 year accumulated insurance record, retiring at the age of 62 in 2020 the income substitute level will be 70.5%, while with a shorter participation also the substitute level will be lower, e.g.

with a 40 year insurance record – 58% and with 25 year record – 33.3%. With the increase of average life expectancy that means also increase in the period of pension disbursement, the substitute level will decrease.

As the state funded pension schemes and private pension funds are relatively new, the pension scheme participants have not managed to accumulate such supplement pension capital that would constitute a substantial salary substitute. However, continuing the contributions to the pension plans over a longer time this portion will become more substantial.

There is still a marked negative tendency concerning the increase of the risk of poverty for people who have reached the retirement age (65 years of age and over). If in 2005 the poverty threshold for retired people was 21% (for women – 26%, for men – 12%), in 2006 it has increased reaching 30% (for women – 36%, for men – 17%). Especially it affects retired people (65 years of age and over) living alone. In 2005 the proportion was 45%, but in 2006 – 69%, increasing by 24 pp.

The feminisation of poverty is also typical to Latvia. Women are affected by the risk of poverty more than men. As women on average receive lower wage, are outside the labour market during pregnancy and parental leave, take care after sick and old family members, work part-time more often than men, lower social insurance contributions are made on behalf of women. It results in lower pensions (in 2007 the average amount of pension received by women was by 13.8% lower than that of men). Situation is being aggravated by the fact that many women are single (divorced, widows) and their pensions are often inadequate for satisfying their needs (rental, food, medicine and other costs).

The return to the labour market of women after parental leave is being hampered by the depreciation of skills and qualification after the parental leave as well as by low accessibility of child care institutions (especially in Riga). Employers are of the opinion that the care for children decreases the efficiency of women at work and at the same time they are not motivated to allow women to work part-time or at home. After parental leave women are more active than other groups of population in using active employment measures and job-placement services offered by the state. Childcare period, until the child reaches 1.5 years, is included in the social insurance record.

For the newly granted pensions in 2007 the replacement rate was 51.3%, however the average pension amount is low due to the low social insurance contribution wage. Although, income of pensioners' households is gradually increasing, it is lower than the average households' income level. As a result pensioners face higher poverty risk. Income is mostly spent on food, housing costs and payments for medical care, while only slight sums are spent on clothes, footwear, leisure and culture. For this social exclusion risk group the possibilities to integrate into society are limited.

One of the main national priorities is to maintain the living standards for pensioners after retiring. Particular attention is paid to reducing the social exclusion risk for retired people and provision of adequate pensions. Several crucial measures are planned for the next years with the aim of gradually improving the situation of retired people in the country.

As of January 1, 2009 the state supplement to old age pensions will increase up to 70 santimes per each insurance record year until December 31, 1995 and it will be granted to all old age and disability pension receivers irrespective of the amount of the pension, as well as all pensions irrespective of the amount will be indexed. Thus pensions five times exceeding the amount of the state social security benefit and not being indexed currently, as of 2009 will be subject to indexation once a year on October 1 based on the consumer goods index for the preceding 12 months.

It is planned to raise the amount of the state social security benefit up to LVL 75 for disabled persons since childhood (currently LVL 50), as a result of which the minimum

pension will be increased. It is essential to increase this benefit because persons who are not eligible to state pensions receive a state social security benefit (in 2007 – 14.6 thousand persons).

3.3.Review of financial sustainability of pension system

The registered accumulated amount of accrued social insurance contributions is growing every year (both due to the contributions made and due to indexation), as a result of which upon retirement the so called notional pension capital or information on social insurance contributions made over working life has been accumulated. This capital well into thousands of lats, upon requesting state old age pension is spread equally over each year of the whole period of pension disbursement, i.e. the capital is being divided by life expectancy at the time of retirement thus ensuring sufficient capital for the whole disbursement period.

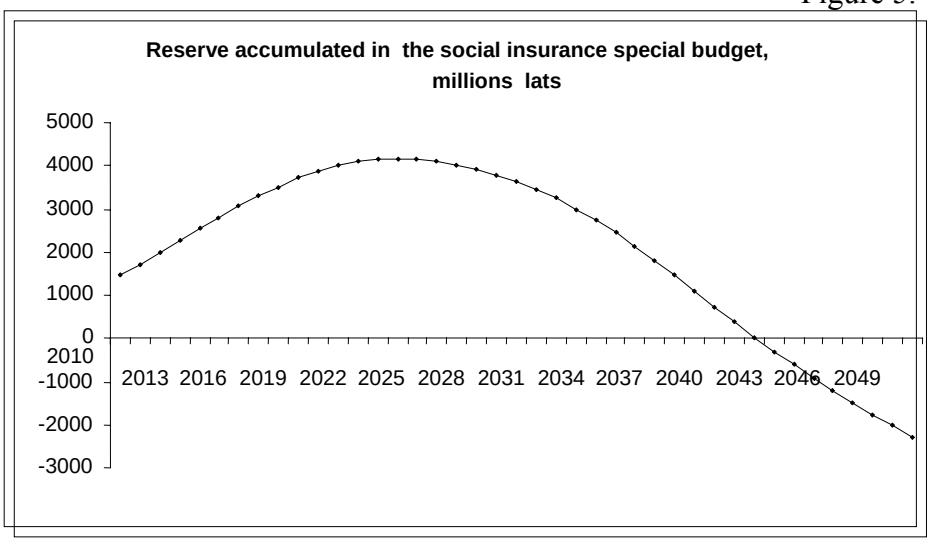
The rate of social insurance contributions is 33.09%, where the employer pays 24.09% and the employee - 9%. The total amount of pensioners since the commencement of the reform has decreased by 79.9 thousand or 12.5%, including old age pensioners by 36.8 thousand or 7.3%. Also the number of newly granted pensions has decreased in the mentioned time span by 34.3%. At the same time, due to increase of socially insured persons by 23.6%, the burden has considerably eased. If in 1996 1000 social insurance contribution payers had to sustain 659 pensioners, in 2007- only 466 pensioners.

Life expectancy in Latvia is increasing both for new-borns and for people exceeding the age of economic activity. The forecasted life expectancy at birth in 2006 was 71.3 years, for males – 65.9 years and for females – 76.8 years. However, when the critical periods of life are over prospective life expectancy for males, who reached the age of 60 in 2006, is 15 years and for females – 21.5 years. The summary birth coefficient (1.350 in 2006) is quite far from the level necessary for the generation change and is among the lowest in Europe. The current demographic situation compared with the future perspective in the context of state pension system on the whole should be seen as favourable, because today pensions are drawn by a quantitatively small generations born during the Second World War. Meanwhile, the generation of people born in 1980s (when the birth rate was twice as high as the current one) form an in-flow to the working age group. However, this will change in the very near future when the quantitatively small group of people born in 1990s, when the birth rate decreased, will reach working age. At the same time, people born during the years when the birth rate was relatively high will reach retirement age.

As of 2002 the social insurance budget has a positive balance and at the end of 2007 the total accumulated capital was LVL 646.6 million or 4.6% of the GDP, while at the end of April 2008 it had reached already LVL 828 million (by the end of 2008 the planned budget accumulation is LVL 1070.5 million). The majority of expenses from the social insurance budget is disbursement of old age pensions, e.g. in 2007 they account for LVL 654.2 million or 71% of the total budget expenses.

In Latvia (like in the majority of European countries) population ageing is observed, which will still increase. Due to this fact combined with low birth rate and extension of the average life span, in the future national social insurance system will reach a situation of increasing budget deficit. According to the budget forecasts for the nearest 15 to 20 years positive fiscal balance and asset formation in accumulated reserve can be expected. Therefore a timely accumulation of the social insurance budget's revenues is necessary to be able in the future to compensate the fluctuations of the economically active population demographic burden and protect the rights of those persons on social insurance services that are currently economically active tax payers (see Figure 5).

Figure 5.



To find a solution for a more efficient utilisation of the current accumulated social insurance fund, proposals on the most efficient management of the state social insurance fund will be submitted for approval to the Cabinet of Ministers by September 1, 2008.

Assessing the amount of the accumulated social insurance fund a temporary solution has been found on agreement with the State Treasury that part of the special budget accumulated funds is invested in a deposit (with average return rate 6%), as well as agreement has been concluded on daily use of the special budget account balance (average return rate 4%).

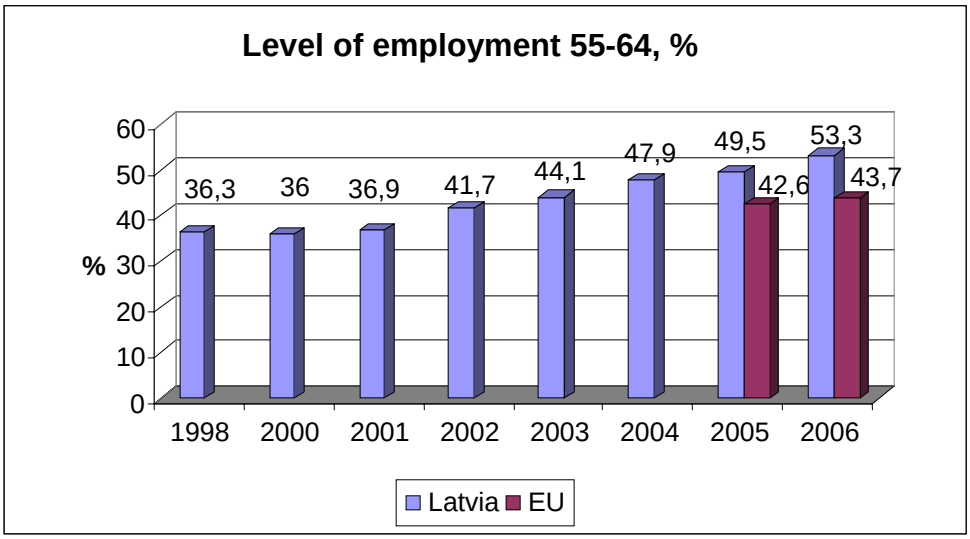
Due to the population ageing tendencies, the integration of all economically active people in the labour market by prolonging the working life is topical. Main reason of unemployment for pre-retirement age persons is insufficient or inadequate for the current labour market education, supplemented by a lack of vocational skills. This population group more than other groups is subjected to the risk of long term unemployment.

This target group of unemployed people in addition to the active employment measures organised by SEA is offered a special set of measures - “Subsidized work placements for pre-retirement age unemployed persons” and “Active life extension for seniors”.

In 2007 3774 pre-retirement age persons were involved in active employment measures, i.e. 11% of the total number of unemployed persons, while career guidance services were provided for 1677 pre-retirement age persons (aged 55 -64) and 28 persons over 64 years of age.

Level of employment in the age group 55 – 64 years is rapidly increasing in Latvia, from 47.9% in 2004 to 53.3% in 2006, and 57.7% in 2007 (see Figure 6), being higher than the average EU-25 (in 2006 – 43.7%, in 2007 – 44.9%). Level of employment of women in the age group has increased markedly compared to the previous year - by 3.4 pp (3.7pp), reaching 48.7% in 2006 (52.4% in 2007), while the employment level of men has risen by 4.3 pp (5.1 pp), reaching 59.5% (64.6% in 2007).

Figure 6.



In order to increase the competitiveness of labour force as well as to ensure skills and knowledge that meet the changing requirements of the modern labour market, thus facilitating the integration into the labour market, life long learning is vital. Persons in the age group of 15-44 years are more often participating in the life-long learning activities. However, the activity of persons in pre-retirement age and older is quite high (at 27,2%) although they mostly use informal educational opportunities. Women of all age groups are more active in acquiring education, qualifications and knowledge.

The contribution of state funded pension scheme and the private pension scheme in ensuring the adequacy and financial stability depends on the participation in the scheme, contribution rate and the actual return rate.

Up to 2006 the contribution rate for the 2nd tier of the pension scheme was 2% of the person's income gradually increasing – in 2007 – 4%, in 2008 – 8%, in 2009 – 9% and in 2010 – 10%. The accumulated state funded pension capital in 2007 was 244.9 million lats (with average return rate 3.48%, not taking into consideration the State Treasury investment plan operation over 10 months) or 1.7% from the GDP.

In 2007 state funded pension scheme administration was performed by 9 private assets managers offering 25 investment plans: 9, which follow conservative policy, 4 balanced plans and 12 active plans. On November 1, 2007 State Treasury administration of state funded pension scheme's 2nd tier assets was terminated and the State Treasury investment plan was closed. The accumulated state funded pension scheme capital of 38 thousand participants who chose another investment plan was invested in their chosen investment plan. The total accumulated funded pension scheme capital in the volume of 10.31 million lats accumulated by the remaining 74.9 thousand scheme participants in the State Treasury investment plan was transferred for administration to one of the private assets managers into the conservative policy investment plan.

Slight changes have been observed in the investment structure – 80.3% million lats or 33% of the total volume of the investments were invested in loan bonds and other bonds with fixed income, their proportion having decreased by 22 pp, 101.2 million lats or 42% of the total volume of the investments were invested in term deposits of credit institutions and 51.3 million lats or 21% of the total volume of the investments in shares, the proportion of which has increased over the year by 7 pp.

On December 31, 2007 there were six private pension funds operating in Latvia: five open and one closed pension fund offering 16 pension plans. The total investment portfolio of the pension plan on December 31, 2007 was 64.6 million lats or 0.5% of the GDP (with annual return rate 3.6%).

The pension plan assets were mostly invested in bonds – on December 31, 2007 comprising 22.9 million slats or 36% of the total pension plan assets. The number of term deposits in credit institutions is continuing to increase. Their proportion from the pension plan assets on December 31, 2007 was 24%. The proportion of investments in shares at the end of 2007 was 33%.

In Latvia pension plans without granted return rates are offered. Pension plan participants themselves bear all the risks in relation to the investments in the pension plan. If a person is not satisfied with the operating results of a chosen investment plan he/she is entitled to change it. Due to the latest developments in the financial markets in Latvia and in the world, the return from the state funded pension scheme and the private pension scheme has decreased and some investment plans in 2007 operated with a negative return, however no investment plan has been operating with negative return since the commencement of the plan.

Due to the fact that the purchasing power of the population in Latvia is relatively small, people choose to use their income for satisfaction of short term daily needs and not invest in long term deposits accumulating additional pension capital.

3.4. Review of modernisation of pension systems in response to changing needs of the economy, society and individuals.

The economic growth in Latvia, observed during recent years, has positively affected the situation in the labour market. The employment rate has gradually increased over the years and in 2006 it was 66.3 % in the age group 15-64 (EU-27 – 64.5 %) (68.3 % in 2007, EU-27 – 65.4 %). The employment rate for males in 2006 was 70.4 % and for women – 62.4 % (in 2007 males – 72.5 %; females – 64.4 %).

Despite the growth in the employment rates there are distinctive differences in employment levels between the regions. In 2006 in the age group 15-64 the employment level in Riga region was 72.0 % (73.3 % in 2007), in Vidzeme region – 63.0 % (63.4 % in 2007) and in Latgale region – 56.8 % (62.2 % in 2007). It is mostly accounted for by the underdeveloped infrastructure in the regions hindering the development of entrepreneurship, shortage of job vacancies as well as inadequacy of the knowledge and skills of the labour force to the economic requirements. This in its turn is the reason for differences in pension amounts between the regions.

In 2006 men had permanent employment by 3.8 % (3.6 % in 2007) more than women, women also more often than men work part time in the permanent employment, i.e. by 25.8 % (22.4 % in 2007) more than men. This is because women have a more flexible job searching strategy as well as a greater burden of household and child care. Part time employment is particularly important for women taking care of small children as well as for those studying, respectively 7.0 % (7.4 % in 2007) and 10.7 % (18.2 % in 2007). 43.7 % (21.5 % in 2007) of the men working part time were doing so only because they were unable to find a full time employment, among women this proportion was only 28.8 % (20.5 % in 2007).

Notwithstanding the relatively high levels of the economic activity of the women, the observance of gender equality principles is not yet sufficient, because there are significant differences both in relation to remuneration and in relation to the positions taken by men and women. Comparatively small number of women are employers, and the average gross monthly wage of women is smaller than average wage of men in all occupations. There is a comparatively small number of women among managers of small and medium enterprises.

Women are facing discriminative criteria - like age, family status or appearance criteria- by applying for job more often than men[38].

In 2007 the labour market segregation in "male and female" occupations was still distinctive. The majority of women are employed in state/municipal institutions. This is explained with the choice of women of a more secure job and social guarantees, regardless of the comparatively low wage. Security of employment and social guarantees are important factors as women more often than men take the responsibility over children. An uneven distribution of responsibilities in the family over a longer period impacts also their economic activity. Therefore further efforts have to be made to build the insufficient awareness of employers and general public on gender equality issues, like reconciliation of work and family life, including the enhancement of male participation in family life.

NDC PAYG scheme is flexible in relation to various forms of employment, for example, in the case of part-time work as well as in cases, when the employer hasn't paid the social insurance contributions on behalf of the employee, the employment period is included into the insurance record.

The qualification period, which is defined in legislation for acquiring rights to receive state pension, is the following: for old age pensions - 10 years, for disability pensions – 3 years. However, provisions included in the legislation stimulate to accumulate longer insurance record: the longer will be the insurance record with social insurance contributions made, the higher will be the pension amount. Certain privileges in relation to old age pensions are also dependent on the length of insurance record In 2007 the average insurance record was 32 years, while for old age pensions – 35 years.

Based on the fact that life expectancy of women considerably exceeds life expectancy of men, the planned pension old age disbursement (G) is calculated as the average index for women and men at the same time ensuring gender equality and solidarity as well as stability of the system.

Within the generation solidarity scheme (plus the accumulated funded pensions capital) in case of the death of the participant all the pension capital registered up to the moment of death of the participant is being taken into consideration when calculating survivor's pensions for the dependant family members of the deceased participant. However, buying a life insurance policy for the accumulated funded pension capital it is possible to have a co-insurance (indicating the spouse). Within private pension scheme funds in cases of the death of the participant the right to the accumulated pension capital passes over to the eligible relatives (including the surviving spouse).

In order to assess whether the pension scheme chosen in Latvia functions according to its objectives and what are its administrative costs, monitoring is essential. Performing monitoring, main attention is paid to the impact of the system on the client. It is important to find out the customer satisfaction by conducting annual polls. The assessment of the current situation, its analyses and further strategy is being revealed in annual reports, as well as regular work is performed for the assessment of the pension system sustainability by using long term prognoses model the results of which are taken into consideration for policy planning and medium term budget formations, as well as for submitting informative reports to the government and international institutions.

Individual account is opened for each participant of the pension scheme where information concerning operations with pension capital is registered, and this information is sent to each participant of the scheme once a year. Additional information about every significant change is also provided. Annual reviews prepared by fund managers, which give

[38] Tiesibsargs. Annual report 2007. Riga, 2008, p 62 K.Dupate Latvia court practice in discrimination prohibition transgression in employment legislation. Riga:Tiesibsargs, 2007, p 22-24.

true and clear overview of the management of pension scheme, financial status, as well as results of operations, form an important source of information.

The involvement of society and non–governmental organizations in the policy planning by the government of Latvia has become an integral part of social policy formulation. Before decision-making as well as during the process of policy formulation consultations with representatives from non-governmental organizations and social partners take place. In order to get to know the opinion of population, the discussions in the public sphere are carried out, informing inhabitants about changes planned in the social security policy and legislation, thus giving the possibility for the society to express its view on particular issues. Informational flow on amendments made to the legislation is organised in order to explain to the inhabitants their rights and responsibilities. Information for the society about actualities and changes in the social security policy is mostly provided via mass media (printed press, radio, TV). Recently internet web pages have become an even more important informational channel. Information available there is not only useful, but also presented within an interactive environment, in order to provide opportunities to express opinions by sending mails to the ministry's specialists, participating in discussions and presenting advice on questions of interest for a person or society in general.

Social policy implies certain state support and protection for people in need of it, thus the legitimate expectations of individuals in this field are to be protected with special care. The legal framework of social policy should be sufficiently stable and fixed for an individual to be able to safely plan his or her future. In the legislation governing the pension system numerous amendments have been made since 1996 (e.g., the Pension Law, regulating state mandatory non-funded pension scheme has already been amended 15 times).Although no conceptual changes have been made by these amendments, there is a risk of depleting the public confidence level in relation to the stability and sustainability of the pension system.

4. NATIONAL STRATEGY FOR HEALTH AND LONG TERM CARE

4.1. Key challenges, priority objectives and targets, covering both healthcare and long term care

Latvian National Development Plan 2007 – 2013 defines that the increase of welfare depends on the accessibility of health care services and the development of a sustainable social security system. The plan has defined tasks for the improvement of public health, health care system and social services improvement and development.

Development of human resources in health care

In order to more efficiently plan the human resources of the health sector, provide health care sector with human resources in adequate amounts, distribution and qualification corresponding to the requirements, to develop the education system in health sector (higher, vocational, further) corresponding to the labour market requirements and to enhance remuneration system, develop social guarantee and medical personnel professional risk insurance system, work on increase of wages for medical personnel will be continued in accordance with the guidelines for health care development in health sector, approved by the government.

Emergency medical services providing a 24 hour medical assistance are mostly affected by labour shortage. In order to attract human resources for these services, additional social guarantees will be provided for the medical personnel of emergency medical crews and emergency medical dispatchers.

Work has been launched on the development of the concept of mandatory third person liability insurance of the medical personnel with the aim of regulating third person professional liability issues of medical personnel and health institutions thus protecting the patients and the medical personnel against the financial risks resulting from unintentional damage.

Support measures for the development of inpatient and outpatient health care service providers

Hospitals spend most of the financing of health care budget. Due to a shortage of financing, it is important to find additional resources by increased efficiency of medical treatment and administration. In order to achieve it, a concept of the development of financing mechanisms for outpatient and inpatient services has been prepared with the aim of paying for health care services according to cost efficient payment models.

Preparatory work has been launched on the elaboration of *Programme on Development of Outpatient and Inpatient Health Care Services 2011 – 2016* analysing current health indicators of the population and accessibility of health care services, as well as preparing an informative report on implementation of the Programme on Development of Outpatient and Inpatient Health Care Services 2005 - 2010.

Proposals for the improvement of the medical rehabilitation system have been developed and after review development of medical rehabilitation concept has been commenced.

Ministry of Health has developed and will start the implementation of the targets defined by the interim report on existing primary health care model assessment and further

action, the aim of which is improvement of primary health care financing model and to determine the required financing, as well as to improve work organisation of the primary health care service providers in accordance with the proposals submitted by NGOs.

Provision of services and payment for medicines

To improve the diagnosis of cancer in its early stages and raise participation and awareness of the public on health care issues, as of January 1, 2009 an organised cancer screening will be implemented improving the efficiency of treatment and life prolongation.

To ensure the accessibility of services to patients, at the same time attaining cost efficiency of the invested financing for the purchase of medical technologies and their rational use, provision of adequate medical technologies in the regions has been commenced.

A concept for the reimbursement system of expenses for medicines and medical devices for 2009 – 2013 has been developed and the approval process at the Cabinet has been started. The aim of the concept is to ensure for all patients suffering from the same illness equal opportunities to receive the necessary treatment as well as to ensure availability of medicines for outpatient treatment of patients with severe and chronic diseases.

To save time necessary for receiving the services as well as to use the financing more efficiently, work on the use of eHealth information technologies and communication in health care will be continued.

Health promotion

One of the main national goals is retaining good health for a person as long as possible. Therefore it is necessary to develop health promotion activities by continuing work on popularization healthy life style among the population including measures fostering physical activities, increasing public awareness of different population groups about healthy food, develop various diet proposals for inpatients with various diagnoses etc.

Mental illnesses will become an even greater problem in the future therefore we have to be ready for new challenges and efficient solutions by developing public-based care centres and raising knowledge of family practitioners on mental health issues. Therefore it is important to approve basic statements for the improvement of the mental health of the population and start their implementation.

One of the health policy objectives is total eradication of smoking. To continue the protection of society from tobacco fumes, draft Cabinet regulations on supplementing the special precautions placed on tobacco product packages with colour photographs and other visual aids according to which tobacco products will be marked with colourful illustrations threatening against the dangers of tobacco fumes.

Further, the development of important policy planning documents has been commenced – Guidelines of Public Health Strategy 2010-2020, Oncological diseases monitoring programme, Measures on restricting the spread of Human Immunodeficiency Virus (HIV) and AIDS, Measures restricting the spread of TB 2008 -2010, Reduction of alcohol consumption and alcoholism for the next period, Concept of the necessary financial resources for the development of reimbursement system for medicines 2009 -2012 as well as work on the implementation of the state vaccination programme 2008-2010 continued.

Long term care

Main objective of the social services and social assistance system is to ensure social services as adequate to the needs of the population of the municipality as possible within the shortest possible time, primarily considering the opportunities for the customer to receive the service at his/her place of residence. Main problems that clients of social services face daily are as follows:

- restricted access to social care and social rehabilitation services;
- insufficient resources to ensure social services adequate to the particular needs of the person;
- different qualitative and quantitative indicators of the services offered in different regions;
- inadequately developed network of social services alternative to institutional care;
- restricted opportunities to ensure succession of social services;
- insufficient integration into society of persons of long term social care institutions;
- lack of qualified personnel providing services.

In order to reach the objective set in the field of social services, two-tier activities are planned at national and municipal level: (1) raising the level of quality of long term social care services; and (2) development of alternative social services in local municipalities.

To ensure the quality of long term social care services, several measures are undertaken in order to achieve the following main objectives:

1. Ensure provision of services adequate to the needs of the client paying attention to the particular needs of the client.
2. Develop social care and social rehabilitation methods and techniques.
3. Increase the capacity of the personnel.
4. Ensure comfortable and cosy facilities for the clients.

To ensure the development of social services in municipalities, measures are planned to achieve the following objectives:

1. Develop social work with clients at municipal level ensuring adequate education, further education of social workers and qualification measures.
2. Foster the development of the network of social services by extending the accessibility of existing services and implementing new services.
3. Improve the planning, administration and control of social services.
4. Foster social dialogue as well as competitiveness in provision of social services.

As there is a correlation and succession of health care, social care and social rehabilitation, opportunities to commence provision of integrated services[39] by combining several (multidisciplinary) services under one institution are being currently assessed paying particular attention to provision of adequate health care and personnel, as well as to work therapy development. Taking into consideration the fact that Latvia has no experience in provision of integrated services, it is necessary to develop the integrated service provision and financing scheme and to implement a pilot project assessing the feasibility of the service. To assess all risks and challenges, it is necessary first to negotiate on the development of a work group and the organisation of the work, as well as on the development of the service provision and financing scheme and feasibility of the implementation of the pilot project.

[39] Service that is as adequate to the individual needs of the client as possible.

4.2. HEALTH CARE

4.2.1. Progress succinct

To ensure accessibility of qualitative health care services, efficient utilisation of resources of health care system and optimise the number and placement of people involved in providing care services, Programme for Development[40] of Outpatient and Inpatient Health Care Services has been developed (hereinafter – programme) and the implementation plan 2005-2010 (hereinafter – plan) thereof[41]. According to the plan within the time period from beginning of 2005 until September 2007, 12 hospital unions have been formed, and 12 hospitals to be re-profiled have been reformed into health care centres.

Over the mentioned time span the number of hospitals has been reduced from 112 to 94. Total number of beds reduced from 17.9 thousand (77.4 beds per 10 000 persons) in 2004 to 17.7 thousand beds (75.3 beds per 10 000 persons) in 2007. Taking into consideration the fact that in 2006 58.39 % of the total health care budget was spent for inpatient health care services, it is necessary to continue the implementation of the said programme, reducing the number of inpatient institutions and the number of beds, at the same time developing outpatient healthcare and care at home.

As diseases of circulatory system are the major cause of death in Latvia, several measures were implemented to foster heart health. In 2006 eight, but in 2007 12 heart health cabinets were established. It is planned in the future to extend their activities in Latvia in order to provide accessibility of the heart health cabinet to a wider public. At the bases of the operation of the heart health cabinets is promotion and preventive care for heart health, the attendees of the cabinet are informed on enhancing heart health and disease risk factors. Free of charge preventive examination without doctors referral is provided to all citizens exceeding the age of 18. To increase the level of information of the public, informative materials were prepared on risk factors of heart and coronary diseases and the opportunities to prevent them, public information campaign carried out on the role of physical activities in retaining the heart health, as well as in 2007 the use of a unified national health risk factor electronic data base was commenced.[42] Further, healthy nutrition tips for different population groups were developed, e.g. for adults, infant – nutrition, adolescents, people over 60 etc.

Neoplasms are the second mostly spread cause of death in Latvia both among women and men. In 2002 17.6 % of all death causes were neoplasms, in 2007 – 18.2%.[43]

In respect of multi location malignant tumours that are characterized by a high spread and mortality, it has been proved that adequate screening of the population can ensure timely diagnostics and consequently reduce mortality. In Europe organised (centralised) screening has been recognized as efficient for colorectal, breast and ovarian cancer[44]. With the aim of early diagnosis of breast, ovarian, prostate and colorectal cancer, screening of early symptoms of these types of tumours in 2005 has been included in the preventive examination programmes in Latvia[45]. It has to be noted that all medical examinations included in the programme are state financed and provided to patients free of charge. However, as of January

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[40] Approved by the Cabinet Order No 1003 dated 20 December, 2004.
[41] Approved by the Cabinet Order No 854 dated 28 December, 2005.
[42] Information www.1slimnica.lv/petijums.
[43] Report on national health and health care in Latvia 2007. Karasevica J (SC. Editor) Riga: VSMTA, 2008.
[44] National Cancer Control Programmes. Policies and managerial guidelines. 2nd Edition, 2002, quoted according to: Upmale S., Rozentale G., Skrule J. Malignant tumours to be disclosed timely by screening, Riga State Agency Public health Agency, 2007, p.12.
[45] Cabinet Regulation No 1036 dated 21 December 2004 Organisation and financing regulation of health care institutions.

1, 2007[46] the screening programme of early prostate cancer has been cancelled as there is not sufficient proof of its efficiency on reducing mortality and it does not correspond to the cancer screening recommendations by WHO and EC[47].

Decentralised cancer screening is not efficient for early diagnosis and does not ensure improvement of the national indicators of late diagnostics and mortality rates. Both low cancer screening bulk indicators (see Table 1 in Annex) and the low number of patients with malignant tumours discovered during the preventive examinations are proof of it – in 2006 only 74 (0.8 %) patients and in 2007 40 (0.44 %) patients have been discovered.

According to the Cabinet Regulations December 19, 2006 No. 1046 "On the Procedure of Organising Health Care and Financing" (hereinafter – regulations No 1046) until January 1, 2009 cancer screening has been assigned to family doctors. At the same time, as of January 1, 2009 pursuant the EC recommendations[48], a so called organised screening will be implemented in Latvia, when Health Compulsory Insurance State Agency (hereinafter - HCISA) will be responsible for centralised organisation and monitoring of the cancer screening programme, including submitting invitations to screening of target groups included in the organised screening. Organised screening programmes and adequate treatment are ways of considerably reducing the burden of breast, ovarian and colorectal cancer in the society[49].

Currently within the framework of inter - institutional working group a *Programme on Control of Oncological Diseases* is being developed including primary prevention, diagnostics (screening), treatment, palliative care and methodological steering of the sector.

As follows from the data provided by family doctors in relation to the health of children, the proportion of the group of practically healthy children is growing (health group I), and the proportion of children being ill repeatedly (health group II) and children with chronic diseases (health group III) is reducing. As practically healthy were diagnosed (see Table 2 in Annex):

- newborns in 2005 – 53.3 %, in 2007 – 57.6 %;
- children aged one in 2005 - 55.3 %, in 2007 – 57.1 %;
- children aged two in 2005 – 57 %, in 2007 – 59.3 %
- adolescents (aged 15 – 17) in 2005 – 59.1 %, in 2007 – 59.7 %.

In 2007 the indicator of children illnesses in their first year was 2233.8 per 1000 children examined. In the structure of illnesses respiratory diseases constitute the majority – 57.6 %, certain perinatal period conditions – 10.4 % and digestive diseases – 7.3 %[50]. To reduce the number of illnesses among children as well as for timely diagnosis preventive children screening is being conducted (see Tables 3, 4 and 5 in Annex). The number of children annually undergoing preventive examination is around 90% from the total number of children. According to statistical data, the proportion of children discovered during preventive examinations with hearing impairments has increased – preschool age (4.8 from 1000 examined in 2007 against 4.2 in 2004), school age (4.7 from 1000 in 2007 against 3.6 in 2004). Also preventive examinations revealed a higher proportion of children with scoliosis at preschool age – from 6.5 cases per 1000 examined children to 8.3 in 2007, for school age children – from 40.9 cases per 1000 examined children in 2004 to 52.7 cases in 2007[51].

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[46] With adoption of the Cabinet regulations No 1046 dated 19 December 2006 Organisation and financing regulation of health care institutions.

[47] Council Recommendation of 2 December 2003 on Cancer Screening (2003/878/EC). *Official Journal of the European Union*, L 327/34, 16.12.2003.

[48] Council Recommendation of 2 December 2003 on Cancer Screening (2003/878/EC). *Official Journal of the European Union*, L 327/34, 16.12.2003.

[49] Karsa von L., Anttila A., Ronco G. u.c. *Cancer Screening in The European union. Report on the implementation of the Council Recommendation on cancer screening. First Report.* European Commission, 1.p.

[50] Latvian Health and Health Care Report 2007 Karaškēvica J.(Sc.ed.) Rīga: VSMTA, 2008.

[51] Statistical Yearbook of Latvian health Care 2007 Karaškēvica J.(Sc.ed.) Rīga: VSMTA, 2008.

The number of children vaccinated against the contagious diseases indicated in the vaccination calendar is still high (97.7 %).

Due to the high rate of endemic tick-borne encephalitis in Latvia, vaccination of children residing in endemic areas subject to tick-borne encephalitis was started financed from the state budget.

To reduce the number of people suffering from influenza as well as the risk of complications caused by it, vaccination against influenza at 50% covered from the state budget has been carried out for certain population groups:

- children at the age from six months up to 2 years of age;
- adults over the age of 65;
- patients with chronic lung, heart, metabolic and kidney diseases;
- patients with immune deficiency syndrome;
- patients undergoing imunesupressive therapy;
- patients over the age of 18 undergoing a prolonged therapy with acetil salicil acid or aspirin.

During the epidemic season of influenza (from September 2006 until February 2007) 26567 persons including 366 children have been vaccinated. The partly reimbursed vaccination for the age group over 65 years was used for 8909 persons or 2.3 % of that age group.

The reimbursable medicines eligibility list is being supplemented annually (number of medicines in the list in 2006 – 913 and number of medical appliances - 123, in 2007 - 1087 and 136). In 2007 a mechanism for reimbursement of medicines in individual treatment cases - list C – was introduced. This mechanism is applied in cases when the patient needs medicines to sustain his life functions and there is no possibility to receive them under the general mechanism of reimbursable medicines. As of January 1, 2007 reimbursement of medicines has been launched for several new diagnosis - acute hepatitis C, certain mental disorders for children, neuropathic pain and certain cerebrovascular diseases. In cases of several diagnosis, like asthma, glaucoma, osteoporosis or pathological fracture and others, the amount of compensated medicines and appliances has been increased. The reimbursable medicines eligibility list has been supplemented by new medicines (e.g. in oncology), as well as the conditions permitting the prescription of medicines have been expanded thus increasing the choice of medicines for the doctors to prescribe.

To ensure timely provision of medical emergency assistance, the basic statements for *Development of Emergency Medical Care Service* were elaborated[52]. These basic statements provide for restructuring of the emergency medical assistance system – in the pre-hospital emergency medical care which is a complex of emergency medical treatment institutions or other treatment institutions with the aim of providing emergency medical assistance in the pre-hospital stage in situations critical to life and health accompanied by malfunction of life sustaining systems. Also the development process is being continued in relation to institutional, informative and material technical development of a united emergency medical care operational service, as part of disaster medicine and thus also as an inseparable part of the national security system.

To ensure provision of emergency medical services with mobile telecommunications, the Disaster Medicine Centre has been allocated financing within the project "Mobile communication systems for emergency medical units". The project was implemented in 2006 as a result of which the emergency medical assistance dispatchers' workplaces and the medical transportation vehicles of the operational emergency medical assistance units are

[52] Approved by the Cabinet Order No 444 dated 19 July 2005.

fully equipped with mobile communication systems, which considerably improved the operative communication between the dispatchers and the emergency medical units. Within this project mobile communication systems were established also in emergency departments of all 11 regional multi-profile hospitals thus in case of necessity enabling the communication between emergency medical care units with emergency department of the hospitals.

To facilitate accessibility of health care services it is necessary to modernize the infrastructure, including extended use of information technologies developing eHealth services. With the help of these services every person and provider of the health services will have access to easy-to-understand, qualitative and reliable information on health care starting from patient history in electronic format, electronic patient health card, as well as full information on health care opportunities in Latvia and abroad. To start the implementation of the said innovative measures, Plan for the implementation of guidelines for eHealth 2008-2010 was adopted[53] providing the development and implementation of a centralised health card information system. This system ensures:

- centralised data storage and access to the patient's medical data;
- possibility to prepare an integration platform providing for safe information exchange between the health sector and information systems of other sectors;
- development of electronic prescription information system and safe data transmission channels between main information systems within the health sector;
- unified emergency medical assistance and Disaster Medical Centre information system.

To retain medical personnel in health sector and to ensure successful further development of the sector it is necessary to continue increase of remuneration in accordance with the state approved guidelines "Development of Human Resources in Health Sector" and the implementation programme thereof for 2006 - 2015. It has to be noted that wages are increasing annually for the medical personnel:

- in 2006 - physicians LVL 440, medical and patient treatment personnel – LVL 264, medical and patient treatment support personnel – LVL 176;
- in 2007 - physicians LVL 574, medical and patient treatment personnel – LVL 344, medical and patient treatment support personnel – LVL 230;
- as of January 1, 2008 salary increase has been granted for physicians at the average amount of LVL 654, medical and patient treatment personnel – up to LVL 390, medical and patient treatment support personnel – up to LVL 262, emergency medical service driver – up to LVL 333.5, and other personnel working in health sector – up to LVL 327.

In 2008 for the salary increase in medical persons[54] there were additionally allocated 38.78 million lats, 0.49 million lats for drivers of emergency medical service and 6.18 million lats for other staff members. It has to be noted also that the number of persons working in health sector and willing to find employment abroad is reducing, e.g. in 2007 13 nurses and midwifes received documents for the certification needed in foreign countries about the qualification received in Latvia, while in 2006 - 65 nurses and midwifes.

The overall situation in public health sector is improving – long term objectives have been interposed, tasks defined and policy planning documents developed for the implementation of different measures.

[53] Approved by the Cabinet Order No 660 dated 24 October 2007.
[54] For medical persons of the MoH.

4.2.2. Priority policies related to Common objective (j)

Objective (j) – access for all to adequate health care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed.

EU-SILC monitoring data on health self assessment of the population in Latvia reveal that 30% of the respondents in 2005 and 26% in 2007 have had the need of medical treatment or health examination over the last 12 months, but refused, while the proportion of persons who were in need of dentist's services but refused was 29% in 2005 and 24% in 2006. Therefore, although dentist services are provided from the state budget only for persons up to the age of 18, but for others this is a charged service, the number of persons who needed dentists services but refused them is almost identical to the number of persons who needed other types of medical treatment but refused it, those not using the service of dentists being even slightly higher. In 2005 like in 2006 the number of women who refused medical treatment was higher than that of men, although the treatment was needed. The same pattern characterises age group with persons over 50 years of age (see Tables 6, 7, 8 and 9 in Annex).

Main reason for not attending the doctor (also dentist) in 2005 and in 2006, and for women more than for men, was the high cost of the medical services. It has to be noted though that in 2006 compared to 2005 the number of persons who did not use medical services (except the dentist) on financial grounds has decreased by 12.5 %. The number of persons who did not use the services of dentists because of high costs in 2006 compared to 2005 also has decreased however not that rapidly. In case of dentists high cost as the reason for not using the service is mentioned more often than in case of other medical services.

Delay in seeing a doctor with the hope that the condition will improve, as well as lack of time (due to work conditions or care for children or other persons) is the second and third most often used reason for not seeing other medical specialists. Men considerably more often than women choose to wait and delay. It has to be noted that these two reasons – wish to postpone an hope for improvement of the condition as well as lack of time – are much seldom used as reasons for not seeing the dentist than for other specialists. The second most widespread reason for not attending a dentist in 2005 and in 2006 has been fear, 7.7 % and 10.6% respectively (see Tables 10 and 11 in Annex).

It can be concluded that people are more careful concerning their dental health yet in case of dentists more than other specialists high costs and not factors characterising attitude towards health issues – lack of time, wish to delay and queues - influence the use or refusal of the service.

One of the main aspects characterising quality and efficiency of health care system is its accessibility to the public. Access to health care services can be analysed from various aspects – economic, geographical, informative, institutional, legislative etc.

In Latvia health care system is based on social solidarity principle. State guaranteed health care services are provided to the citizens of Latvia and its non-citizens, citizens of EU member states, EEA and Swiss Confederation residing in Latvia due to employment or self-employment, as well as to their family members.

Health services covered both by the state budget as well as by the service receivers are also provided to foreigners with permanent resident permits in Latvia, to refugees and persons with alternative status, as well as to detained persons, prisoners and convicts. Children of all the above mentioned persons receive health care services free of charge covered by the state budget and service receivers.

Also asylum seekers are entitled to receive emergency and primary health care services covered by the state budget. All other persons receive charged health care services. If a person wishes to receive health care services not included in the health care services covered by the state budget, then the person or a third person, like insurance company, has to cover the charge.

Upon receiving health care services covered by the state budget, the person has to pay a patient's fee – patient contribution. However, to provide access to health care services to all population groups, and in particular to the most vulnerable groups, for example following groups of population shall not pay the patient contribution:

- children under the age of 18;
- needy persons;
- political repressed persons;
- persons involved in the liquidation of the consequences of Chernobyl nuclear plant disaster;
- TB patients (for examinations related to TB diagnostics);
- Persons with mental disorders (upon receiving psychiatric treatment);
- persons under the care of state social care centres and municipal social care institutions etc.

Also, persons are exempt from the patient contribution upon receiving emergency medical assistance in cases when the patient is in a status critical to his/her life and health, for vaccination (e.g. diphtheria) against a disease included in the state vaccination programme 2008 – 2010, upon preventive examinations as well as when receiving treatment against contagious diseases (HIV/AIDS, diphtheria, TB, syphilis, virus hepatitis). Certain relief from the patient contribution also applies to disabled persons group I and persons over the age of 80 (home visit by family doctor), retired persons with their monthly pension not exceeding LVL 60 (EUR 85) (upon visiting a specialist). Due to the fact that long term treatment can cause the threat of poverty for a patient, government has defined a patient contribution limit, upon reaching which the patient is exempt form the patient contribution. Namely, the patient contribution per each case of hospitalisation shall not exceed LVL 80 (EUR 114), and per total amount of outpatient and inpatient health care services within a calendar year shall not exceed LVL 150 (EUR 213).

To ensure accessibility of the palliative care for persons which are in need of it, as of 2007 pursuant the Cabinet regulations No 1046 family doctor's home visit is covered from the state budget and patient pays only the patient contribution in the amount of 2 lats. Still the family doctor's home visit is fully covered from the state budget and there is no patient contribution for children until the age of 18, but for disabled persons group I and persons over the age of 80 family doctor's home visit is only partly covered from the state budget – the patient has to pay a patient contribution (LVL 2). Other persons have to pay for the family doctor home visit according to the price list of the family doctor, as this is a charged service.

A person is eligible to secondary and tertiary health care services covered from the state budget only upon a referral of the family doctor or specialist (except patients suffering from these particular diseases). Upon receiving health care services a person has only to pay the patient contribution (except emergency medical assistance when the patient is in critical to life or health condition). The greater part of the health care service received by the patient is covered by the state, namely HCISA which administrates the financial resources allocated to health care from the state budget. Further it has been defined by the regulatory enactments[55] that liver transplantation for children as of end of 2007 is being covered by the state budget.

[55] Cabinet Regulation No 1046 Order for Developing and Financing Health Care, dated 19 December 2006

While being in EU or EEA country or in the Swiss Confederation, residents of Latvia are eligible, if necessary, to receive guaranteed health care services. When a person travels within the EU territory it retains the right to state guaranteed health care. The European health insurance card pertains to all EU member states, as well as Norway, Iceland, Lichtenstein and Switzerland, certifying the rights of the citizens of these countries to receive state guaranteed emergency and necessary health care in the same amount as it is provided to the citizens of the particular country. In Latvia the European health card is free of charge and can be received by all persons who are eligible to state funded health care. Also, residents of Latvia are eligible to receive health care in one of the EU or EEA countries, as well as in Switzerland, if these services are not accessible in Latvia. E 112 form[56] is issued if a person has to travel to another EU or EEA country or Switzerland and receive the requested planned health care service. E112 form is a guarantee that the country issuing the E 112 form to the person will cover the expenses to the country where the person will receive health care services (see Table 12 in Annex).

Reimbursement system for the purchase of medicine and medical devices as one of the mechanisms ensuring the principle of primary health care – accessibility and equity - is being organized in Latvia pursuant the Cabinet approved concept on financial resources for ensuring accessibility to medicines for outpatient treatment in Latvia in the next five to ten years and the role and responsibility of the state in this process[57]. The concept is based on the principle of ensuring equity in health care and availability of medicines to all patients suffering from the same disease irrespective of their social status.

An important aspect of accessibility of health care services is the opportunity to receive the necessary medicines. The financial allocation in 2008 for the reimbursement of medicines has doubled if compared to 2005. If in 2005 the allocated amount was LVL 30.5 million, in 2008 it is LVL 66.3 million (see Graph 2 in Annex).

The amount of financing allocated to one person for the reimbursement of medicines is growing in Latvia – in 2007 it was EUR 38 per inhabitant. Compared to 2006 the number of medicines and medical appliances listed for reimbursement is increasing, listing in 2008 1094 medicines, 316 general names of medicines and 146 medical appliances (see Graph 3 in Annex).

An average 1 358 family practitioners were providing primary health care services in 2007 with the average number of patients per practitioner 1679. In comparison to 2006 the average number of patients registered with one practitioner has reduced by 200 patients that is 15 %. The reduced number of patients per practitioners providing primary health care is accounted for by the rapid rate of depopulation. In 2006 home visits by family practitioners accounted for 5% of all primary health care visits, while in 2007 this has reduced to 3.5% from all primary health care services. 70% from all home visits in 2007 were for children below the age of 18, the remaining to persons exceeding the age of 80 and disabled persons group I.

Threat of a shortage of human resources, particularly physicians, is one of the most topical problems in health care. There are several causes for the lack of human resources. First, there is a great proportion of physicians at the age of pre-retirement or retirement age. Almost every fifth physician in full time employment is at retirement age or might retire in the next few years. However, the number of young specialists who might come instead of the more experienced specialists in full time employment is comparatively small: only 604 or 8.1% (excluding dentists) from the total number are below the age of 35 (see Table 13 in Annex). Second, the distribution of specialists over the regions is not even. In 2007 there were 7443 physicians registered with primary employment. From that number 4865 doctors, that is 65.4 % were employed in Riga region, while in the remaining regions a total of only 2578 or

[56] Certificate for retained rights in respect of illness and maternity benefits being currently allotted.
[57] Cabinet Order No 1002, dated 20 December 2004

34.6% worked. It can be concluded that there is a shortage of specialists in the regions, which in its turn causes a situation when a range of services is not accessible in full scope for patients from other regions. Third, according to medical personnel register data, one forth (25,21 %) from the total number of doctors entered in the register (9952) are currently not employed in health care. Fourth, a reason for the lack of doctors in the country is also the long study process – sometimes even 12 years are necessary to become a specialist, therefore young people opt for shorter study programmes. To reduce the requirements for obtaining medical education and to make re-qualification of medical personnel more efficient, the Ministry of Health has prepared an informative report.

One of the indicator of the accessibility of health care services is the queues (waiting time) for a service. One of the health care services characterized by the longest waiting time, is orthopedics (endoprosthetic exchange of big joints). In 2007 the number of patients queuing up for endoprotsthetic exchange of big joints has increased by 3002 (+20%) and has reached 18 382. More than half of the patients in the queue are waiting for an operation on the knee joint endoprosthetics. In 2007 the capacity of Latvian hospitals for providing knee joint endoprosthetics has increased. As a result in 2007 the number of performed knee joint endoprosthetic operations has for the first time in Latvia surpassed the number of cemented hip arthroplasty (see Graph 4 in Annex). The total capacity of hospitals in Latvia in performing endoprosthetic exchange of big joints is still insufficient to accommodate for the long queues.

To ease the bureaucratic barriers and reduce the queues more efficiently, as of July 1, 2008 the queues will be supervised by health institutions and not the HCISA.

An overview of the accessibility indicators of health care is provided in Table 14 in the Annex.

4.2.3. Priority policies related to Common Objective (k)

Objective (k) – quality in health care by adapting care, including developing preventive care, to the changing needs and preferences of society and individuals, notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients.

The survey on the habits impacting the health of the population in Latvia reveals that 21% of the respondents have assessed their health as good, 23.6% - as fairly good, 44.8% - average, 7.1% - fairly poor, 3.4% - poor. Among the men polled the proportion of those assessing their health as positive is greater. Compared to previous polls, there is a slight increase in the percentage assessing their health as fairly good and good. Also, the number of respondents assessing their health as poor has decreased (see Graph 5 in Annex)[58].

As of October 1, 2007 Health Inspectorate started operating as a state administrative body within the sphere of health management and monitoring in order to minimize risks to the health of the society and the clients. Health Inspectorate was established by restructuring the Medical Treatment and Labour Inspectorate Quality control inspectorate, State Pharmacy Inspectorate and State Sanitary Inspectorate with the aim of uniting the monitoring of all quality issues within heath sphere under the governance of one institution as well as to facilitate the cooperation between the population with state administrative institutions, as well as to perform state administrative functions.

[58] The Survey on the habits of the population in Latvia having impact on health 2006 *http://www.sva.lv/petijumi/doc/2007b27.pdf*

To provide to the patients the opportunity to exercise and protect their rights and interests, determine the legal status of the patients, to foster good relationship between the patient and the health care service provider and to promote active participation of the patients in health care, on December 2007 in second reading the Parliament adopted the Law on Patients' Rights.

In 2007 in the preventive examination programme three early cancer diagnostics screening examinations were included. Within the preventive programme the ovarian cancer early diagnostics screening examination (oncocytological analyses) has been performed for 116 195 women, within the preventive programme of breast cancer early diagnostics screening -mammography has been performed for 18 323 women, for colorectal cancer early diagnostics the hidden blood in feces test has been performed for 53 589 patients. The cancer screening volume index is not high, yet comparing the data for years 2005, 2006 and 2007 a positive dynamics is observed. However this does not indicate a positive development of the problem, because it is important to increase the volume index of the preventive screenings to be able to disclose the symptoms at an early stage and to decrease the number of patients with diagnostic tests performed because of clinic indications. As the preventive screening volumes are comparatively low, as of January 1, 2009 a cancer screening will be centralised, and the HCISA is performing currently the necessary calculations and establishing the necessary system for the centralisation of the cancer screening.

On January 31, 2008 national vaccination programme 2008 – 2010 was adopted providing for continued reduction policy of the contagious diseases and provide an at least 95% immunization level for the contagious diseases listed for children and a 80% immunization level against diphtheria and tetanus for adults.

For several years already there has been a reimbursement system for the purchase of drugs and medical devices operating in Latvia, when the state to a certain extent compensates to the patients medicines necessary for the restoration of their health. Within this system the state partly compensates medication for patients suffering from severe or chronic diseases in order to reduce the necessity for these patients to be hospitalized and thus optimizing the cost efficiency. Within this system the state can ensure for the reimbursable medicines and efficient control of cost and price as well as ensure the necessary forecasts, analyses and statistics.

Within this system the state provides compensation at various levels in accordance with the character of the disease, how sever it is and what is purpose of using the medication (retaining life, retaining a certain health status etc.) Depending from the diagnoses, the patient is eligible to a 100%, 90%, 75% or 50% compensation.

4.2.4. Priority policies related to Common Objective (l)

Objective (l) – adequate and high quality health care remains affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care sector.

At present the coordination of the health sector policy is organised pursuant the objectives of the Public Health Strategy adopted 2001, as well as the implementation plan of the Public Health Strategy 2004-2010. For example, by 2010 life expectancy at the time of

birth has to reach at least 95% of the EU average, by 2010 difference in health indicators between different social economical groups has to be decreased by at least one fourth considerably increasing the health condition of those groups that are currently in the least favourable situation etc.

To ensure the continuity of the health policy planning and based on the indicators of incidence of various illnesses (see Table 15 in Annex) work has been commenced on the development of guidelines for Public Health Strategy 2010 -2010, as well as other policy planning documents.

Also, further planning period objectives and priorities for ensuring sustainability of the health sector have been defined by the Health Strategic Plan 2007 -2009 of the Ministry of Health. The Health Strategy of the Ministry has been developed with the aim of improving the mid term budgeting process by a close correlation between the policy planning documents and measures for their implementation with the accessible and required budgeted financing. The overruling objective of the Ministry of Health is to develop and implement a national policy for the improvement of the health of the population in healthy environment, by promoting preventive measures including promotion of health and active life style as well as by creating favourable conditions for receiving cost efficient, physically accessible and financially affordable qualitative health care services.

In the sphere of pharmacy, the umbrella policy planning document is the National Concept of Pharmacy adopted on February 19, 2008 and aimed at adoption of a decision on further national regulation of pharmacy in Latvia. Also the Concept on Financial Resources for ensuring availability of medicines for outpatient treatment in Latvia for the next 5-10 years, on state role and responsibility in this process is important. Latvia has one of the strictest monitoring systems in Europe regards the cost of medicines. Upon commencing distribution of a medicine in Latvia, the manufacturer has to inform on its price as well as on any deviations from the price. Also the limit of a possible surcharge that the wholesaler and the pharmacy may apply has been defined. The price of the reimbursable medicines is fixed and the manufacturer cannot change it voluntary.

To ensure a more efficient utilisation of the resources for medicines used in hospitals, including provision of more efficient purchase cost, amendments in the legislation are planned. In the future health care institutions when working out the list of supplementary medications will have to reconcile it with the existing allocation from the state budget as well as follow the procurement procedure when purchasing medication for the needs of the institution. To monitor the issues related to the cost of medicines, it is planned to develop a further development concept of the compensation system of medicines and medical appliances, at the same time assessing the impact of the development of the medicines compensation system on the work of pharmacies and the possibility to increase retail surplus for the medications to be compensated. It is also planned to make information on the sales price of the manufacturer publically available.

To develop an efficient network of health care institutions adequate to the needs of the demand and that is cost efficient, it is necessary to continue the work in accordance with the development programme for outpatient and inpatient health care services optimizing the work of inpatient care institutions.

One of the main tasks to solve the above mentioned shortage of health care personnel is to ensure the implementation of the basic statements “Development of Human Resources in Health Care” and its implementation programme 2006 – 2015:

- efficient planning of human resources in health care sector;
- provide health care sector with human resources in the necessary amount, distribution and in accordance with the qualification necessary;

- develop education system within the health care sector (higher, vocational, further) corresponding to the labour market demands and to improve the remuneration system;
- develop social insurance and health care personnel risk insurance system.

Work is continued on implementation of measures included in eHealth Guidelines 2008 – 2010. Implementing eHealth basic statements, each member of the society and health care services provider will have the opportunity to receive qualitative and reliable information on health care starting from electronic patient histories, electronic patient health card as well as full information on health care opportunities in Latvia and foreign countries. It is planned also to provide telemedicine and electronic diagnostics. To improve the efficiency of the treatment process, eHealth plans to provide support to physicians in taking a clinical decision by operative contact to local and foreign colleagues.

Promotion of healthy and active lifestyle

One of the priorities in public health field in the nearest future is promotion of health. Several policy planning documents aimed at prevention are adopted with the aim of reducing the number of persons who will later need treatment. The following documents could be mentioned – basic statements "Healthy Nutrition 2003 – 2013" and the implementation plan thereof, "Alcohol Consumption Reduction and Alcoholism Restriction Programme 2005 – 2008", State Programme for Tobacco Control 2006-2010, State programme on Vaccination 2008 – 2010. A new human immunodeficiency virus (HIV) and AIDS restriction programme has been developed which will replace the current programme ensuring continuous coordination of this sector with the aim of reaching the best results in HIV/AIDS sector.

One of the main health policy objectives is reduction of smoking. Smoking is a risk factor for heart and coronary, respiratory diseases, tumours and other chronic diseases being priority public health issues currently in Latvia.

To protect the society from tobacco fumes as of July 1, 2008 it is prohibited to smoke in all education institutions. In the future it will be prohibited to smoke also in public buildings, constructions and premises, i.e. – cinemas, concert halls, sports halls and other premises. Total prohibition of smoking applies to children leisure and plays ground. While in parks, squares and swimming areas smoking will be permitted only in specially designated areas. Amendments to the law "On restriction of sale, advertisement and use of tobacco products" foresee supplementing the special warnings placed on tobacco product packages with colour photographs or other visual aids as of September 1, 2008. A transition period has been foreseen until March 1, 2010 during which tobacco product packages without the colour photos or illustrations are permitted. As of April 1, 2010 smoking is fully banned in public catering places. In outdoor cafes smoking will be permitted only in specially designated places, but in casinos and gambling places – in premises specially allocated for smoking.

Despite the strict restrictions, smoking is still widespread in Latvia (see Table 16 in the Annex). A survey conducted in 2006 reveals a proportional drop of men- daily smokers from the total number of smokers while the number of women-smokers has increased compared to 2004.

A positive indicator is the reduction of numbers of accidental (irregular) smokers among men, and the proportion of men who have quit smoking is increasing during the last year. There is no marked difference in the proportion of those daily smokers who would be willing to quit smoking. From the daily smokers 59.7% (in 2004 – 59.7%, in 2002 - 56.5%) men and 55.5% (in 2004 – 60.9%, in 2002 – 59.4%) women replied that they would like to quit smoking. However, the proportion of those who are willing to continue smoking has increased among women up to 14% (in 2004 – 11.5%, in 2002 – 5.5%) while it has almost not

changed among men – 13.5% (in 2004 – 14.1%. in 2002 – 13.9%). This indicates that in the future the number of women- smokers could increased. About one fourth of the respondents are not sure that they wish to quit smoking (26.4% men and 30.5% women)[59].

The total amount of consumed alcohol per 1 inhabitant has increased from 6.9 litres in 2000 to 10.0 litres in 2007 (see Table 17 in Annex). When interpreting this data it should be noted that the figure comprises not only the inhabitants of Latvia but also foreign tourists who bought alcohol in Latvia. And, as CSB data indicate the number of foreign tourists crossing the border of Latvia is increasing annually and considerably surpasses the number of the inhabitants of Latvia who crossed the border.

Alcohol-induced psychosis is one of the most important indicators in monitoring alcohol consumption and the consequences thereof. Alcohol-induced psychosis reveals the tendency of the alcohol consumption in a country as there is a correlation between alcohol consumption and the number of people suffering from sever health problems related to alcohol consumption, including alcohol dependency and alcohol induced psychosis[60]**.** According to the data published by the Health Statistics and Medical Technologies State Agency (HSMTSA) number of alcohol induced psychosis from 35.3 cases per 100 000 inhabitants in 2004 has increased to 41.4 cases per 100 000 inhabitants in 2007, while incidence of alcoholism in 2007 compared to 2006 has decreased (see Table 18 in the Annex)[61].

The situation with alcohol consumption by children and adolescents is aggravating in Latvia. As statistical data reveal, the incidence of children and adolescent alcoholism has increased has increased with registered 17 cases (in 2006 – 16 cases). Also alcohol consumption among children and adolescents with all the adverse consequences thereof is increasing – in 2006 691 registered cases, in 2007 – 789 registered cases (see graph 6 in Annex)[62].

To define priorities in the mental health sphere and to continue the development of a public-oriented, rational, efficient and qualitative mental health care sector, the draft Guidelines for the Improvement of Mental Health 2008 – 2013 have been adopted[63] with the sub-goals:

(1) develop a public-based mental health care service;
(2) promote cooperation of the state institutions involved in the problems to be tackled and promote development of informed and open society in relation to mental health;
(3) increase the qualification of professionals in mental health related issues.

There is regular cooperation with nongovernmental organisations within the sphere of public health policy development and implementation by involving the representatives of NGOs in the preparation of regulative enactments and policy planning documents, in informing the society, consulting specialists, in coordination and steering commissions. So far cooperation agreements have been concluded with nongovernmental organisations, for example, for the implementation of particular measures aimed at informing elderly people about health care issues relevant to this group.

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[59] The Survey on the habits of the population in Latvia having impact on health 2006 http://www.sva.lv/petijumi/doc/2007b27.pdf

[60] Spread and Consequences of the Consumption of Substances Incurring Dependency , edition 15, Likops U. Taube M (sc.ed) Riga, State Agency Public Health Agency 2007, p. 23.

[61] Latvian Health and Health Care Report 2007 Karaškēvica J. (Sc.ed.) Rīga: VSMTA, 2008 p.45.

[62] Ibid, p.44

[63] Cabinet Order dated 6 August 2008.

As of 1999 a gradual increase of births is observed in Latvia. In 1999 there were 18390 births while in 2007 – 23097. This is to a certain extent related to the economic growth and the increasing state support to families with children.

Disturbing is the fact that the rate of maternal mortality has sharply increased in 2007 - 25.8 per 100 000 live births compared to 13.5 in 2006. In 2007 6 mothers have died at childbirth (in 2006 – 3).The cause of death for all these women was related to pregnancy (see Table 19 in Annex).

The perinatal death rate has slightly decreased compared to the previous year although still retaining a high level – 9.4 per 1000 live and dead births against 10.4 in 2006. In the structure of perinatal death incidents the number of infants who died during childbirth has decreased while the number of infants who died during their 0-6th day of life has increased. Disturbing is also the fact that the number of infants dying in the first year of life has increased. In 2007 like in previous years the main cause of deaths among infants is particular conditions of the pregnancy, in-born anomalies and the sudden infant death syndrome. The indicators of neonatal and total infant mortality have increased at an average of 1.2 times. The mortality of infants in 2007 is 8.8 from 1000 life births, compared to 7.6 in 2006, but neonatal mortality – 5.8 from 1000 live births compared to 4.7 in 2006 (see Table 19 in Annex). These data indicate substantial health care quality problems in the sphere of medical care for pregnant women and childbirth assistance[64].

According to the amendments adopted on May 8, 2008 in the Law on Medical Treatment, Article 3 Part 2, health care of a pregnant woman and child is a priority. The order of organisation, financing and provision with human resources of this priority is regulated by the Cabinet.

In order to develop a health care policy for the mother and child, as well in issues related to contraception and abortions, the Ministry of Health is planning to establish a Council for the mother and child issues.

4.3. LONG TERM CARE

4.3.1. Progress succinct

To improve legislation within the sphere of long time care several amendments to the legislative enactments were made:

- criteria defined for the cost estimate of establishment and maintenance of group houses (apartments), half way homes and day care centres for persons with mental disorders, order of state co-financing, as well as the scope of services provided at group apartments and half way homes[65];
- Cabinet regulations adopted[66] to promote planned and systematic transfer from one type of services to the other, including transfer from institutional service to service alternative to institution, by clearly defining the process of the decision adoption and documents to be submitted in order for a person residing at a state financed long term social care institution or social rehabilitation institution to receive services of a group house (apartment);

[64] Latvian Health and Health Care Report 2007 Karaškēvica J.(Sc.ed.) Rīga: VSMTA, 2008 p.61.

[65] Cabinet Regulation No 829 dated 4 December 2007 On the Co-financing of the establishment and operation costs of day care centres, group houses (apartments) and halfway homes.

[66] Cabinet Regulation No 288 On the Order of Receiving Social Care and Social Assistance Services, dated 21 April 2008

- amendments to the Cabinet regulations[67] have been prepared allowing municipalities without the opportunities and where it is not feasible to establish group houses (apartments) to purchase the service from other municipalities;
- work is being continued for the development of requirements for the social service providers with the aim of improving the quality of the social care and social rehabilitation services provided to customers. Amendments are also being developed to define more precisely the requirements for the implementation of the documentation of the social rehabilitation process in the institutions providing social care and social rehabilitation services, as well as to ensure unified approach to the data compilation about the services provided for a customer[68];
- within the financing allocated for the implementation of the 2007 priority measure "Long term social care and social rehabilitation institutions for persons with mental disorders" in the amount of LVL 350 000 by the end of 2007 in 10 state social care institutions repair work was performed to ensure conformity to the requirements defined for service providers for the improvement of life conditions and the quality of service for persons with mental disorders;
- for the uptake of the financing allocated for the implementation of the priority "Improvement of the activity of social care centres pursuant the requirements defined for social service providers" in the scope of LVL 117 500 work has been launched in 13 state social care institutions – to ensure the hygiene conditions in accordance with the legislative requirements[69].

Provision of sufficient financing for long term care

The state responsibility is to provide financing from the state budget for ensuring accessibility of services at social care institutions for persons with mental disorders (disabled persons group I and II), disabled persons with impaired vision, children orphans until the age of 2 years, as well as children with physical and mental disorders until the age of 4 and disabled children with severe mental disorders within the age group of 4 – 18. The responsibility of the municipalities is to ensure access to social care services in institutions for persons of retirement age and disabled persons, the disorders of which are not related to vision impairment or severe mental disorders, as well as for children orphans within the age group of 2-18.

The total amount of financing from the state budget and from the local government budget allocated to social care institutions is increasing annually (see Table 1). For example, in 2007 the expenditure to support children social care institutions increased by 19% but for adult institutions by 26% compared to 2006. Additionally, regular financing is allocated for capital expenses – for children social care institutions the increase was 501% and for adult institutions 135%. It must be noted, that children social care institutions receive also donations, in 2006 – LVL 262 798 and in 2007 – LVL 298 393.

Table 1.

	2006	**2007**
Financing to cover maintenance costs (LVL)		
Children institutions	12 564 630	14 908 206
Adult institutions	27 183 399	34 305 016

[67] Amendments to the Regulation No 250 dated 13 July 1999 Order on settling municipal mutual accounts for services provided by education or social care institutions, approved by the Cabinet March 8, 2008

[68] Amendments to Cabinet Regulation No 291 dated 3 June 2003, Requirements for the providers of social care services, developed in 2007 and approved on 21 April 2008.

[69] Cabinet Regulation No 431 dated 12.12.200 Requirements for Hygiene in social care institutions.

Financing for capital expenditure (LVL)		
Children institutions	97 274	593 644
Adult institutions	1 050 213	2 471 123

Improving coordination between health care and long term social care services

As the necessity to provide social care services is often related to the consequences of the functional disorders of the persons, in order to assess the necessity of receiving a service, the social service workers of the local governments receive information from family doctors and assess the case in correlation with other documents testifying to the necessity of the social service. In case of necessity team meetings are held between various specialists to decide jointly with health care specialists on a service provision as well as in which sequence the services should better be provided in order to achieve the best possible result.

The municipality of Riga, for example, provides a social worker post in the hospitals in Riga municipality. In 2007 14 social workers were employed at 8 health care institutions in Riga. Also other local governments in Latvia are implementing this policy. The main objective of these social workers is to ensure that after leaving the hospital the necessary social service would be provided. In 2007 5753 persons in Riga received this service provided by the social workers at hospitals, from them 2367 men and 3385 women.

However, it needs to be acknowledged, that there is still insufficient continuity in the services provided by health care and social care systems as well as insufficient accessibility of requested services which results in inadequate coordination between health care and social care services. Acknowledging this problem, in 2008 discussions have been started on more precise definition and distinction of health care and social care services, as well as on the opportunities to provide integrated services within one institution.

A cross-institutional working group launched its work in 2008 developing a programme with the aim of long term reduction of the numbers of incidence of oncological diseases, prolonging the length of the life of patients with oncological diseases and improving the quality of life. It has been planned within this programme to implement measures for the introduction of a continuous chain of health care and social care services in palliative treatment.

Strategy for prioritisation of care at home and the care provided by local governments for elderly people reducing institutional care

Pursuant the national legislation, a client who is unable to cope with self catering has to be provided the possibility to stay in his/her usual environment as long as it is possible offering social care services at place of residence or as close to it as possible. Only if this scope of services is not sufficient the person is offered social care in a social care institution. Therefore social services pay much attention to ensure for low income persons adequate financial support (municipal benefits) to provide for their basic needs, and the most often provided social services at place of residence are home care and day care centres.

In 2005 home care services were provided for 9546 persons, in 2006 – for 10612 persons and in 2007 – for 10851 persons. Along with the tendency of longer life, also the number of potential clients for the said social services is increasing, however, due to a shortage of financial and human resources municipalities cannot always fully satisfy the demand for the home care service. In rural areas where the density of population is low this service is also often not cost efficient.

Analysing beneficiaries of home care services broken down by age and gender, it has to be mentioned that the majority, that is 7553 persons or 70% are persons at the retirement

age and as previously, the proportion of women is higher, that is 8228 or 76% of those receiving the said service.

Often, along with home care service the persons receive also other services – warm lunch at home, "safety button" (ensures the possibility to communicate with the emergency service 24 hour operator which if necessary summons ambulance or home emergency team to assist the person who is unable to cope with the current situation), etc. The "safety button" service is provided by the nongovernmental organisation "Samarians Association" and agreements have been concluded with the municipalities of Riga, Rezekne and Liepaja for purchasing this service for the inhabitants of the said municipalities. In other municipalities the customers themselves have to purchase the service.

13 day care centres operate in Latvia providing day care service to clients at the age of retirement (including persons with dementia), as well as 21 day care centres for persons with mental disorders and 4 day care centres for persons with physical impairments.

Strategy for attracting and retaining human resources

Unfortunately, there is a shortage of qualified specialists working in social care institutions for children and adults. There are constant vacancies, specialists with adequate qualification and experience find better paid jobs and leave the social care sector. In accordance with the information provided by Social Services Board (SSB) due to rotation of human resources, there is an average shortage of 160 -170 employees to ensure full functionality of the state social care centres. Therefore the currently employed people are overloaded because due to the absence of another employee or because of a vacancy the job is to be performed by another employee.

It is problematic to attract to the social services sphere a sufficient number of social work specialists with higher education, because the cost for education is high but the employment remuneration in this profession is comparatively low. Because of the shortage of human resources and overloading of the currently employed workers, it is not always possible to ensure the increase of qualification of the personnel. At the same time there is a problem of ensuring equal and rational distribution of work load and responsibility.

To improve the quality of social services and reduce the risk of "burning out" of social workers, the Cabinet regulations on the Requirements for the Social Service Providers[70] prescribe a regular qualification rising annually for specialists working with customers:

- for the manager of the institution and for the social worker – not less than 24 hours a year;
- for the social care provider and social rehabilitation provider - not less than 16 hours a year;
- for the care-taker – not less than 8 hours a year;
- other personnel – according to necessity.

In 2007 qualification improvement courses of social work and other issues related to service providers were provided for:

- 64 children social care institution (in 2006 - 66 institutions) employees a total of 16 251 hours (in 2006 - 13709 hours), from them social workers – 2517 hours, social care provider – 3094 hours, social rehabilitation providers – 186 hours, care takers (nannies) - 3928 hours.
- 118 adult social care institution (in 2006 – 114 institution) employees a total of 32315 hours (in 2006 – 24943 hours), from them social workers – 5400 hours, social care

[70] Cabinet Regulation No 400 Requirements for social service providers, dated 3 June 2003

provider – 4451 hours, social rehabilitation providers – 705 hours, care takers (nannies) -15283 hours.

Qualification raising courses are actively attended also by social care institution managers. In 2007 64 children social care institution managers (a total of 3288 hours, including communication psychology – 390 hours, social work – 963 hours) and 118 adult social care institutions managers (a total of 8999 hours, including communication psychology – 543 hours, social work – 2618.5 hours).

In 2008 these requirements have been supplemented by a new requirement, namely, that the municipal social service ensures counselling assistance (supervision) to social service specialists of social services and social service providers organised by the municipalities - individual support (at least 9 hours annually) or group support (at least 18 hours a year).

Certain municipalities in 2006 and 2007 provided supervision of social services and long term care social care and social rehabilitation institutions (especially in children care institutions) upon their own initiative even without the requirement of the regulatory enactment. Mostly these were group - supervisions not only assisting the employees to receive the necessary support for performing the professional work but also improving team mutual understanding and facilitating consistent adherence to norms in providing care, and professional counselling – supervision.

In 2007 within the framework of methodological guidance SSB organised informative education seminars on such topics as:

1) society in ensuring quality social rehabilitation services – attended by 187 social work specialists of city councils, regional councils, local municipalities;
2) state granted social care and social rehabilitation services - attended by 229 social work specialists of city councils, regional councils, local municipalities;
3) requirement for social service providers - attended by 271 social work specialists of city councils, regional councils and state social care centre managers.

A total of 13 seminars have been organised and 785 persons employed at social institutions were informed and trained.

4.3.2. Priority policies related to Common objective (j)

Objective (j) – access for all to adequate long-term care and that the need for care does not lead to poverty and financial dependency; and that inequities in access to care and in health outcomes are addressed.

To ensure quality of the provided social care services, to widen the scope of the services and bring them closer to the place of residence of the person, it is necessary to reorganise and modernise the infrastructure of the social care services provision system and ensure social care services alternative to institutional social care services development in municipalities as well as provide support to municipalities in organising such services.

Day care centres

The most often provided service alternative to institutional services is a day care centre service. There are day care centres providing services to different population groups (the services are being provided in the institutions established by the local municipalities or that are being purchased from private persons or nongovernmental organisations). There are 93 such day care centres operating in Latvia (in 2006 – 82) (see Table 2).

Table 2.

Type of day care centre	Number of day care centres in 2006	Number of day care centres in 2007
For persons of retirement age, including retired people with dementia	13	13
For people with mental disorders	16	21
For people with physical impairments	3	4
For disabled children	8	7
For children from poor families including children with behavioural problems	24	28
Other groups of population (e.g. persons after release form places of imprisonment, persons addicted to psychoactive substances, etc.	18	20

Day care centres for persons with mental disorders receive state co-financing (state co-financing is foreseen for the first 4 years of operation of the centre, in further years all the costs have to be financed by the municipality) in accordance with the procedures prescribed by the Social Services and Social Assistance Law. All other day care centres are financed from the municipal budget, in separate cases foreseeing also customer co-financing if prescribed so in the binding regulations of the municipality and the customer has sufficient means for co-financing. In 2006 the state co-financed day care services for 203 persons with mental disorders, but in 2007 – for 187 persons. Riga is better covered by day care service centres, Zemgale and Latgale regions – at an average level, but in Kurzeme and Vidzeme day care centre services are least accessible.

Development of the service of half way homes and group houses (apartments) for persons with severe mental disorders

In May 2006 amendments in the Latvian legislation were adopted defining a new social service – half way homes and group houses (apartments) service for persons with mental disorders.

Halfway homes were established within the ERDF national programme framework, establishing 6 halfway homes in 2006 – 2007 in state social care institutions.

Living in half way homes is a transition phase for persons with severe mental disorders who had been living in special social care centres but the functional condition of which has improved considerably providing an opportunity to exchange the existing service with a service alternative to institutional care within the municipality of their place of residence (group house, day care centre, etc.) When a person living in a half way home has successfully accommodated itself to independent life conditions provided within the social rehabilitation programme it will be given an opportunity to move to a group house (apartment) or independent life in the municipality.

As of 2007 there exist two types of financing of group houses (apartments) in Latvia. For persons with slight mental disorders the expenses of the group house service are covered by the municipal budget, but for persons with severe mental disorders moving to a group house (apartment) within the municipality after institutional care the service is co-financed from the state budget. At the end of 2007 there were 10 group houses (apartments) financed from the municipal budget and 5 group houses with state co-financing.

Service apartments are apartments adjusted to the individual needs of persons with severe disability who have particular difficulties in taking care of themselves. The number of

service apartments has increased from 28 apartments in 2006 to 36 apartments at the end of 2007. This is explained by the fact that the status of a service apartment is attributed to an apartment where the person receiving the service actually resides. After the termination of the need for this service the status of the apartment is also changed. At the end of 2007 57 persons used this type of service (25 men and 32 women). It has to be noted that the number of service apartments is increasing, in 2005 there were 27 such apartments, in 2006 – 28 and in 2007 – 36 apartments.

Long term social care social rehabilitation institutions

Long term social care and social rehabilitation services for children in 2007 were provided in 64 institutions:
- 8 state financed social care centres (2 of them providing services also for adults);
- 42 municipal social care centres;
- 9 institutions of nongovernmental organisations;
- 5 institutions providing family type care (family type children homes).

At the end of 2007 these institutions provided social care service to 2625 children, which is similar to the 2006 data (2621) but less than in 2005 (2881).

The decrease in the number of children in these institutions can be accounted for by the correlation of several factors – lower birth rate in the middle of 1990s, wider scope of social work with families as of 2005 and the development of foster families within the state family social policy.

To ensure care for children as close to family type of care as possible to children orphans and those children who have lost parental care and to reduce to number of children in out of family social care institutions, in 2006 – 2007 a set of measures was implemented to support foster families, as a result of which the number of foster families has increased in Latvia (from 154 families as on 01.01.2006 to 304 families on 01.01.2008) and also the number of children in them has increased (150 children on 01.01.2006 to 421 children on 01.01.2008). Analysing the data about foster families from a regions aspect it has to be concluded that the spread of foster families is uneven in Latvia. For example, in Tukums region there is 81 foster family (the greatest number in Latvia) but in the neighbouring Talsu region – only one foster family.

In 2007 long term social care and social rehabilitation services to adult persons were provided by 114 institutions in Latvia:
- 78 municipal old people social care centres;
- 27 state social care centres (2 of them providing services also to children);
- 9 other type of institutions which obtained the rights to provide state financed social care services through competition.

In adult social care and social rehabilitation institutions there is observed a years long unchanging tendency that the number of women exceeds the number of men. This proportion is most outspoken in old age care institutions where the proportion of women is 61% but that of men 39%. However, in institutions for persons with mental disorders this tendency is quite opposite - 49% women and 51% men. This tendency fully depicts the actual tendency in the population – outspoken higher proportion of women after the retirement age.

Analysing the demand for long term social care and social rehabilitation services for adults, it can be concluded that the demand both for state and municipality financed services is remaining high and therefore the said services are available only by way of queue – in 2007 there were an average of 680 persons waiting for state financed services (compared to 640 in 2006) and for municipal services – in 2007 an average of 379 persons which is slightly less than in 2006 – an average of 429 persons.

Analysing the factors affecting demand and supply it has to be noted that the number of state financed places has not considerably changed in 2007, while in municipal social care institutions it has slightly increased – from 78 institutions at the end of 2006 to 82 institutions at the end of 2007. Also the number of persons receiving the service in municipality financed institutions has increased from 5472 persons in 2006 to 5723 persons in 2007.

It is worth noting that along with the increase of popularity of institutional social care services also the number of home care services is increasing. There still remains a tendency that there is a greater proportion of women receiving the service – at the end of 2007 8228 women and 2623 men received this service. The majority of clients are retired persons – 7553 (6300 women and 1253 men). The said service was also received by 3122 disabled persons (1832 women and 1290 men) and 108 disabled children (45 girls and 63 boys).

In 2007 home care was provided by 1955 care takers which is slightly less than in 2006 when the service was provided by 2055 care takers.

One of the reasons for the increase in the demand for the service of care at social care institutions and care at home is increase of the length of life of old people accompanied by poor health. Second reason is increase in the number of lonely old people in society. Often family members cannot provide sufficient care for old people because of employment or lack of sufficient living space. Unfortunately the majority of the families do not have sufficient financial means for one of the family member to quit work and provide care for the family member. In rural areas it is not cost efficient to provide for old people care at home. There is not sufficient safety for the customers – the farm houses often do not have telephone lines installed and are not easy to access especially in winter and the wet season. Therefore in case of a sudden worsening of the chronic ailment or in case of emergency there is no possibility to immediately contact a care taker and receive additional help.

4.3.3. Priority policies related to Common objective (k)

Objective (k) – quality in long term care and by adapting care, including developing preventive care, to the changing needs and preferences of society and individuals, notably by developing quality standards reflecting best international practice and by strengthening the responsibility of health professionals and of patients and care recipients.

Although the Law on Social Services and Social Assistance splits social services and social assistance system in measures under state or under municipal responsibility, the requirements for all service providers are the same, as is the order of receiving social services and social assistance. Only bodies registered as social service providers which partly guarantees the quality of the services provided, are entitled to provide services. There is observed a gradual increase of activity in getting registered as a service provider influenced by the educational and informative measures implemented. To enable the service providers to ensure their operation pursuant the defined standards the service providers are regularly informed on the latest changes in the legislative enactments.

Of late years qualitative services provided for the clients have become more important. By improvement of clients` awareness on network of social services and by introducing appeal system at all levels of service provision and administration, beneficiaries of social services have learned to use their rights for qualitative services and services appropriate to clients` needs.

For provision of qualitative services there are used supportive and administrative methods. Among the support methods the following could be mentioned – allocation of the requested funding for the development of new methods in the work with clients, for adjusting

premises and facilities, training and motivation measures for the service providers. Among the administrative methods - quality control measures in the institutions providing social services as well as monitoring of the contracted social services.

The quality control of the services is provided by the Social Services Board (SSB). SBB is directly administered by the Ministry of Welfare and it:

- participates in the implementation of the state social policy and social assistance;
- controls rational use of the state budget funding within the sphere of social care and social rehabilitation;
- coordinates the provision of state social care and social rehabilitation services;
- controls and assesses the quality of social care services and social care and social rehabilitation services;
- collects and analyses the statistics relevant for monitoring and assessment of the social services and social assistance policy;
- provides methodological support to the providers of social services and to municipalities within the sphere of social services and social assistance.

In 2006 SSB carried out 109 controls, 40 of them at municipal social services, 33 at state social care and social rehabilitation centres, 24 at municipal social care services, 10 at institutions of social care services co-financed by the state, and 2 in other institutions providing alternative services.

In 2007 SSB carried out 15 planned controls of quality at social services institutions providing long term social care and social rehabilitation services financed from the state budget, 12 planned controls at contracted institutions providing social care and social rehabilitation services (day centres, crisis centres) with the aim of assessing the adherence of these institutions to the requirements prescribed by the regulatory enactments, 86 unplanned controls at the institutions providing social care services: state financed social care centres, municipal social care centres and municipal social services, investigation of complaints related to the quality of social services (24 controls) or upon the initiative of the Social Services Board.

Investigation of the complaints revealed that in 2006 there were no fully grounded cases, 23% partly grounded complaints, while in 2007 there were 4% fully grounded and 9% partly grounded complaints.

During the investigations not only the performance of the social care providers was assessed and their adherence to the legislative enactments but also information and methodological assistance provided with the aim of raising the quality of social services and forming a unified understanding of the requirements for social service providers.

4.3.4. Priority policies related to Common objective (l)

Objective (l) – adequate and high quality long term care remains affordable and financially sustainable by promoting a rational use of resources, notably through appropriate incentives for users and providers, good governance and coordination between care systems and public and private institutions. Long term sustainability and quality require the promotion of healthy and active life styles and good human resources for the care sector.

Work in Latvia is being continued for the development of the social care system promoting the development of services alternative to institutional ones. However, the amount of the financing is not sufficient and the long process of the implementation of the administrative territorial reform has hindered a successful implementation of measures, so in

2007 in many municipalities in Latvia the infrastructure was not yet sufficiently developed, there was insufficient funding for the development of social care services, lack of professional social workers or overburdening of the existing.

In 2007 work was launched on the Programme for the Development of Social Care Services 2009 – 2013 for Persons with Mental Disorders (hereinafter – programme) to promote the development of social care services for one of the most vulnerable and socially excluded groups.

The programme will define several tasks the implementation of which shall:

1. Reduce the queue (waiting time) for long term social care and social rehabilitation services.
2. Adjust state social care centre buildings and premises in accordance with the requirements for social care service providers.
3. Increase the number of clients receiving social care services alternative to institutional services.
4. Implement new adequate to the needs of the clients social care services at place of residence.
5. Improve the monitoring of the quality of social services.

Long term care is being developed in the country at various levels. Along with the monitoring of the quality of the services and raising the efficiency of the services at social care institutions a system is being developed in the country to provide care forms alternative to the institutional social care forms with the aim of providing social care and social rehabilitation as close to the place of residence of the person as possible. For example, the Law on Social Services and Social Assistance prescribes that the municipal social worker has to assess the individual needs and risks of the person and the institutional social care service is to be offered only in such case if it is not possible to provide social care at the place of residence of the person. Thereby after a protracted illness and course of treatment a person applies to the social service office of the municipality where the necessity to receive the care at home is evaluated. And just in case if such a care will prove to be ineffective, the services in long-term institutions will be offered to a person.

To ensure the opportunity to receive social care services as close to the place of residence as possible and reduce the number of persons in long term social care service institutions state supports the development of services alternative to municipal institutional services, especially in relation to persons with mental disorders (day care centres, group houses (apartments), half way homes). State participates in the co-financing of day care centres for persons with mental disorders and in accordance with the annual state budget allocated appropriation supports and finances other programmes for the development of social care services alternative to institutional services in the municipalities. For the promotion of services alternative to institutional social care services for persons with mental disorders, the state will provide co-financing of municipal day care centres for the first four years. As of January 1, 2007 state provides co-financing for the development of group houses (apartments) enabling to reduce the demand of services at social care institutions for persons with mental disorders. Simultaneously services at day care centres are being developed which are accessible to persons at the age of retirement.

It can be concluded that the network of social services is developing in Latvia setting as priority the provision of social services alternative to institutional services, the quality and accessibility of social services is improving and the allocated financing is increasing. Also in the coming years policy planning and action plan documents will be developed both at national and municipal levels which is a certain guarantee for the future development of the system.