

**REPORT ON PROGRESS IN
IMPLEMENTATION OF THE NATIONAL
LISBON PROGRAMME OF LATVIA**

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Preface

On March 13–14, 2008, upon approving the *Integrated Guidelines for Growth and Jobs for 2008–2010* (hereinafter – Integrated Guidelines) and country-specific recommendations, the European Council marked the beginning of a new cycle of the Lisbon Strategy for 2008–2010. On October 14, 2008, the Cabinet of Ministers approved the *Report on Progress in Implementation of the National Lisbon Programme of Latvia of 2008*. The report comprised assessment of the measures implemented in the previous cycle of the Lisbon Strategy (for 2005–2008), as well as defined new tasks and measures for 2008–2010 on the basis of the updated *Integrated Guidelines* and EU Council country-specific recommendations.

In accordance with the implementation process of the Lisbon Strategy, Latvia has prepared the next *Report on Progress in Implementation of the National Lisbon Programme of Latvia* (hereinafter – Progress Report), which assesses the measures implemented during the previous years (mainly focusing on progress since the second half of 2008), as well as defines new tasks and measures for 2009–2010. The Progress Report also contains a reflection of the measures for implementation of the four priority areas approved by the Spring European Council in 2006.

The Progress Report is based on the policy planning documents adopted in the Republic of Latvia. The Progress Report has been prepared by the Ministry of Economics in cooperation with the Ministry of Foreign Affairs, Ministry of Finance, Ministry of Education and Science, Ministry of Culture, Ministry of Welfare, Ministry of Regional Development and Local Governments, Ministry of Transport, Ministry of Justice, Ministry of Health, Ministry of Environment, Ministry of Agriculture, State Chancellery, Investment and Development Agency of Latvia, Competition Council and Public Utilities Commission.

The coordination of the Progress Report's preparation has been ensured by the *Supervisory Board of the Lisbon Strategy*.

The Progress Report consists of a political summary, which describes measures taken for the implementation of the EU Council country-specific recommendations for Latvia issued in 2009, as well as contains chapters, which describe state of play in terms of governance and ownership of the *National Lisbon Programme of Latvia* (hereinafter – Programme or NLPL), economic situation and macroeconomic policy, microeconomic policy, employment policy, as well as chapter on the coordination between the NLPL and the EU structural funds and Cohesion Fund, as well as annexes. The annexes present a list of the NLPL measures (updated with new measures for 2009–2010), status and financing, as well as characterise implementation status of the activities of the *Single Programming Document* as of March 30, 2009 and the implementation status of the activities of the Operational Programmes “Human Resources and Employment”, “Entrepreneurship and Innovations” and “Infrastructure and Services” as of July 31, 2009.

All statistical information and data, except for specifically indicated cases, has been taken from the Central Statistical Bureau of the Republic of Latvia or Eurostat.

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Abbreviations

CF	Cohesion Fund
CSB	Central Statistical Bureau
EBRD	European Bank for Reconstruction and Development
ECOFIN	Economic and Financial Affairs Council
EEA NO	European Economic Area Financial instrument and bilateral financial instrument of the Norwegian government
EIF	European Investment Fund
EPS	Electronic Procurement System
ERDF	European Regional Development Fund
ESA 95	European system of accounts
ESF	European Social Fund
EU	European Union
GDP	Gross domestic product
IAS	Institution's action strategy
ICT	Information and communication technologies
IDAL	Investment and Development Agency of Latvia
IMF	International Monetary Fund
JSC	Joint stock company
LGA	Latvian Guarantee Agency
LPP	Legal protection process
MLBL	Mortgage and Land Bank of Latvia
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
NLPL	National Lisbon Programme of Latvia
NP	National programme
OECD/PISA	Programme for International Student Assessment of Organization for Economic Co-operation and Development
PPP	Public Private Partnership
R&D	Research and development
SEA	State Employment Agency
SF	Structural funds
SISA	Social Integration State Agency
SISLG	Single Information System of Local Governments
SJSC	State joint stock company
SLI	State Labour Inspectorate
SME	Small and medium-sized enterprises
SPD	Single Programming Document

SRS	State Revenue Service
TEN-T	Trans-European Transport network
VAT	Value added tax

	Currency
EUR	Euro, single currency of the European Union
LVL	Lats, national currency of Latvia

	Conventional Designations
–	phenomenon is not stated
...	data not available or too uncertain

1. Political Summary

In accordance with the implementation process of the Lisbon Strategy, Latvia has prepared the next *Report on Progress in Implementation of the National Lisbon Programme of Latvia* (hereinafter – Progress Report), which assesses the measures implemented during the previous year (focusing mainly on progress since the second half of 2008), as well as sets the new tasks and measures for 2009–2010. The Progress Report also contains a reflection of the measures for implementation of the four priority areas approved by the Spring European Council in 2006.

Rapid growth had been observed in Latvia during the period of 2005–2007, when GDP grew annually by 11% on average. Such rapid growth of GDP has certainly decreased the gap between Latvia and the old EU Member States and has facilitated achievement of the goals set forth in the *National Lisbon Programme of Latvia* (hereinafter – Programme or NLPL).

However, due to increasing global financial problems, in 2008 and 2009 the growth of Latvia decreased. In 2008, the GDP decreased by 4.6%, but during the 1st half of 2009 – by 18.4%.

Taking into account the deepening of the global financial and economic crisis, the government of Latvia is acting to stabilise and revive the financial system, to improve the efficiency of public administration by reducing its expenditures and to restructure the economy by improving its competitiveness. Therefore, continuation of structural reforms defined in the *National Lisbon Programme of Latvia* is very important for strengthening the growth potential of Latvia.

The Programme sets five main economic policy directions for achievement of the Lisbon Strategy goals in Latvia, namely:

- securing macroeconomic stability (*see Chapter 3.2, Integrated Guidelines 1–5*¹);
- stimulating knowledge and innovations (*see Chapter 4.1, Integrated Guidelines 7–10*);
- developing favourable and attractive environment for investment and work (*see Chapter 4.2, Integrated Guidelines 11–16*);
- fostering employment (*see Chapter 5.1, Integrated Guidelines 17–22*);
- improving education and skills (*see Chapter 5.2, Integrated Guidelines 23–24*).

The EU Council country-specific recommendations for Latvia adopted during the meeting of the European Council on March 19–20, 2009 are a substantial contribution for determination of national priorities and formulation of the necessary reforms and economic policy measures.

This chapter provides a brief description of the main measures implemented by the government aimed at implementation of the country-specific recommendations for Latvia, which have been adopted by the Spring European Council on March 19–20, 2009.

As regards macroeconomic policy, the Spring European Council of 2009 recommends Latvia to pursue a restrictive fiscal policy, within which expenditures are carefully prioritised and both tax and expenditure measures are focused on strengthening the supply potential of the economy; this should be facilitated by adopting a strong, medium-term fiscal framework with tight expenditure ceilings; in order to reduce inflation and improve competitiveness, promote wage moderation in the public and private sector.

The government considers that a responsible fiscal policy is one of the cornerstones of the state macroeconomic policy and substantial signal to the national economy. Therefore, the fiscal policy in the country has been aimed at fiscal consolidation during the last years.

However, deterioration of the economic situation has had a significant impact on the fiscal position of the country. In 2008, the budget deficit reached 4% of GDP, but in 2009 two new amendments have been made already in the state budget in order to balance the budget expenditures and the decreasing state revenues. In July 2009, the set targets of the budget deficit for 2009, 2010 and 2011 are 10%, 8.5% and 6% of GDP, respectively. In order to ensure a further decrease of the budget deficit, an aim to be achieved via consolidation measures is to reach the budget deficit in 2012 under 3% of GDP.

¹ The number of the guideline here and hereinafter in the text corresponds to the number of Integrated Guidelines approved by the European Council.

In order to ensure the achievement of the budget strategic targets under hardly predictable economic environment circumstances, the government has established a *Fiscal Discipline Supervision Committee* and has extended the competences of the Minister of Finance with the consent of the Saeima. In the case of necessity, the Minister of Finance may order the Treasury to delay or reduce allocations for a set period of time in compliance with the “Law on the budget and financial management”.

To balance the budget expenditures and the reducing state revenues, the government (with the amendments of the budget for 2009) implements optimization and reduction measures of state expenditures. Significant reforms are planned in the health care system and education, by increasing the quality of the provided services and reducing the total costs of the sectors. Despite the considerable decrease of budget expenditures, the government supports restructuring of enterprises and projects for increasing their competitiveness by means of special financial instruments’ mediation, especially in the implementation of projects co-financed by the EU structural funds. Additional EU structural funds’ financing will be reallocated for the existing financial instruments.

The increase of efficiency of budget expenditures will be facilitated also by the launched transition to a medium-term budget, i.e., the budget law for the next year, as well as determining the maximum admissible total gross expenditures for the next two years. The ministries introduce strategic planning gradually, thus the budget formation is based on the financing of targets and results of an action-oriented policy.

To create a basis for sustainable economic development and to implement constantly the fiscal responsibility, it is planned to develop a *Draft Law on Fiscal Discipline*, which would set the budget deficit level corresponding to the forecast changes of GDP and macroeconomic indicators, state budget expenditure fluctuation range and the ceiling of maximum growth of these changes, thus ensuring contra-cyclical fiscal policy, as well as, will provide the area of responsibility of the Saeima, Cabinet of Ministers, other institutions and local governments, to ensure compliance with fiscal discipline on all levels of public administration.

As regards the microeconomic policy, the Spring European Council of 2009 recommends Latvia to integrate more closely research and development (R&D) and innovation policies, especially through partnerships amongst key private and public actors, and through additional incentives for investment by the private sector.

The goal of the government is to achieve that gross expenditures on R&D would reach 1.5% of GDP by 2010. In order to reach this target, according to the *Law on Scientific Activity* the annual increase of financing for scientific activity in the state budget is prescribed to be at least 0.15% of GDP or by LVL 10–15 million on average annually. The total state financing for R&D in 2008 amounted to LVL 27.4 million, namely, it exceeded the financing of 2007 by LVL 6.1 million. In 2009, the state financing for R&D has been allocated in the amount of LVL 21.8 million.

Financing from the EU structural funds for 2007–2013 available for Latvia for implementation of scientific, R&D and innovations activities will also facilitate the increase of private sector investments. In total, within the period, it is planned to attract the private financing for R&D and innovations in the amount of LVL 116.6 million.

The government has set the following tasks as the priority directions to increase the national innovation capacity:

- *Facilitation of co-operation between research, education institutions and private sector.*

Since 2006, the enterprises have the opportunity to submit projects for receiving support in order to implement research projects in the framework of the EUREKA programme. In 2008, 9 contracts on the implementation of the EUREKA projects have been concluded and the financing of the implementation stages of the projects launched in the previous years has been continued. The implementation of the *Market-Oriented Research Project Programme* is being also continued. The implementation of 21 new research projects has been supported in the framework of the programme in 2008, as well as the implementation of 27 already initiated projects has been ensured. The implementation of the abovementioned programmes continues also in 2009.

In 2007, the implementation of the *Innovation Centre and Business Incubator Development Programme* was started. Eleven innovation centre and business incubator projects have been supported in the framework of the programme. The implementation of the programme is continued also in 2009–2013 by attracting resources of the European Regional Development Fund. Ten business incubators (including one specialized for creative industries) are supported during the abovementioned period in all the planning regions of Latvia.

At the end of 2009, it is planned to launch the implementation of the *Competence Centre Programme* with the aim to increase the competitiveness of enterprises, by fostering cooperation of research and industrial sectors in the implementation of industrial research, and development projects of new products and technologies.

In 2008, in the framework of the priority of the European Economic Area Financial instrument and bilateral financial instrument of Norwegian government “Development of Human Resources and Education”, one project has been launched with an aim to develop and introduce innovative training modules by 2010 intended for managers in the Baltic States, by applying interdisciplinary approach to entrepreneurship and modern technologies.

- *To support transfer of knowledge and technologies.*

To foster cooperation of scientists and entrepreneurs, in 2008 the operation of 8 *technology transfer contact points* established during the previous EU funds planning period continued by attracting the EU fund resources. Operation of the single *Enterprise Europe Network* is also ensured in Latvia.

- *To facilitate development of new products and technologies and their introduction into production.*

Since 2008, the support is available in state support programmes co-financed by the EU structural funds. In the framework of these programmes the financing is available to enterprises for developing new products and technologies and introducing them into production, as well as for protection of industrial property.

- *To provide support for attracting highly qualified labour force.*

Upon attracting financing of the European Social Fund, implementation of the state support programme “Attraction of Highly Qualified Labour Force” was started in the first half of 2008, in the framework of which the entrepreneurs are offered to receive state support in order to employ engineers, scientists or other highly skilled specialists on a temporary basis. Five projects have been approved in the framework of the project. According to the decision of the Cabinet of Ministers of April 21, 2009, the financing for the activity was reduced, thus further selection of project applications will not be organized.

Latvia is taking part in the network of the Baltic Sea organisations promoting innovations by participating in the project “*Baltic Sea Region INNONET*”. In 2009, the joint work with other ministries and innovation agencies of the region’s countries is continued in order, after the completion of the project, to integrate it in the Action Plan “*EU Strategy for the Baltic Sea Region*” approved by the European Commission on June 10, 2009, in the framework of which, on the basis of this project experience, one of the leading international programmes (*Flagship Project*) would be developed, i.e. “Baltic Sea Region Innovation, Cluster and SME Network”.

Regarding the **employment policy**, the Spring European Council of 2009 recommends Latvia within an integrated flexicurity approach, to intensify efforts to increase labour supply and productivity by: reinforcing activation measures; and by enhancing the responsiveness of education and training systems to labour market needs, including the implementation of a coherent lifelong learning strategy.

To facilitate introduction of the labour market flexibility and employment security or flexicurity principle in Latvia, the Saeima on June 15, 2009 adopted the *Amendments to the Labour Law* in the first reading, which can be grouped in several blocks:

- specifications regarding the flexibility and security of labour legal relations. These amendments will help the employees and employers to exercise their rights and perform their duties more effectively;
- proposals for reduction of unregistered and illegal employment;
- specifications of existing regulation norms.

As of January 1, 2008, instead of child care benefit, a new social insurance benefit – parents’ benefit – has been introduced. The crisis period law “On payment of state pensions and state benefits for the time period from 2009 until 2012” adopted by the Saeima on June 16, 2009 and which will be in force from July 1, 2009 until December 31, 2012, stipulates that from July 1, 2009 until May 2, 2010, the parents’ benefit is paid in the amount of 50% of the allocated amount of the benefit to a person, if the person continues to work during the child care period, namely, receives income as an employee or a self-employed person. At the same time, on June 16, 2009, the Saeima adopted also the amendments to the law “On maternity and sickness insurance”

that stipulate that for the children born after May 3, 2010, the parents' benefit will be allocated only to those socially insured persons, who are on a child care leave.

As of 2009, the period of employer's payment of sickness benefit to employees has been reduced from 14 to 10 days. This measure is aimed at facilitating labour market flexibility. It should be mentioned that from July 1, 2009 the maximum duration of sickness benefit payment period has been reduced by a half (52 weeks before July 1, 2009, currently – 26 weeks).

Improvement of the legislative acts regulating the Labour Law will be continued in the field of flexicurity in 2009 and 2010 (concerning such issues as conditions of the aggregate working time, notices, general agreement and undeclared employment), as well as the latest directives regulating the labour rights will be introduced in Latvian legislative acts. It is planned to introduce the abovementioned tasks in the *Labour Law*, thus making the labour market more flexible.

Taking into account the rapid economic recession in the country and the rapidly increasing number of the unemployed persons, as from July 1, 2009 changes have been introduced regarding insurance of unemployment – the qualification period for allocating unemployment benefit has been reduced from 12 months within 18-month period to 9 months within 12-month period and the period for receiving the unemployment benefit has been prolonged – the maximum period for receiving the unemployment benefit has been set similar to all the unemployed persons – 9 months.

Implementation of the active employment policy measures plays an important role in the **labour force activation**. The State Employment Agency constantly expands the active employment measures in co-operation with local governments and social partners in order to make them more available and suitable to the needs of customers.

Since 2007, in order to facilitate an inclusive labour market, additionally to the existing target groups, new ones have been included in the *Unemployment and Job Seekers Support Law* (namely, economically inactive persons – alcohol or drug addicted persons, persons addicted to toxic or other intoxicating substances, persons taking care of a family member, etc.). Integration of such persons into the labour market requires particular methods and measures. In 2008, new support measures were developed for the abovementioned target groups. This is a significant step towards a systematic long-term support to these groups.

In 2008, new support measures have been launched, for instance, training provided by the employer, business start-up or self-employment measures, trial work in the working places, complex support measures and preventive measures for reduction of unemployment, for example, support to facilitation of competitiveness of the employed and self-employed persons and prevention of unemployment, support to regional mobility of the employed persons.

In 2008, the State Employment Agency involved 84 765 unemployed persons in the active employment measures, which constituted 75.6% of the unemployed, who were assigned the status of the unemployed in 2008. During the 1st half of 2009, 30 855 unemployed persons were involved in the activities of the State Employment Agency.

Taking into account the socio-economic impact of the economic crisis, the total EU structural funds' support to the welfare sector has been increased by LVL 34 million in the result of restructuring, by allocating LVL 9.97 million to the training of persons subjected to unemployment risk (voucher system training for persons being during the work stoppage), by involving 11 thousand persons in training. Since September 2009, new measure has been launched – job practice with stipend (public works), which is a crisis employment measure for the unemployed, who do not receive the unemployment benefit anymore, by allocating additionally LVL 24 million, involving up to 50 thousand persons by the end of 2010.

From the total EU structural funds' support to the welfare sector in the amount of LVL 154.42 million: 81.5% of the financing or the absolute largest part of it is allocated to the support of individuals, 10.7% of the financing is allocated to the development of services system and 7.8% of the financing – for the development of the quality and accessibility of infrastructure.

Investments in human capital are the determinant factor for increasing productive capacity, in order to promote transition to knowledge-based economy. To ensure improvement of education and skills, co-operation between the public administration institutions, education institutions and employers is being strengthened regarding adjustment of education system supply to the needs of the labour market, cost efficiency in all education degrees and types is being increased, availability of all education levels is being improved, the level of technological skills and knowledge of natural sciences in general is being increased, the life-long learning system is being improved, in the framework of which the system of career education and

career services is being improved and availability of career counselling services is being provided to the whole population.

In order to strengthen trilateral cooperation of public institutions, employers and employees:

- *Regional Professional Education and Employment Councils* have been established in South-Latgale, Kurzeme, Vidzeme and Zemgale region dealing with the development issues of labour resources, professional education, further education and requalification in the region;
- representatives of the *Professional Education Cooperation Council* and *Tripartite Cooperation Sub-Council of Professional Education and Employment* are included in the accreditation commission of study and training programmes;
- sectoral experts are invited, in order to assess the study process quality of the respective education institutions, as well as for participation in the *Accreditation Commission of Higher Education Programmes*;
- *Employers' Confederation of Latvia* and the *Free Trade Union Confederation of Latvia* are involved in the implementation of the national programme's project "Development of Single Methods for Increasing Professional Quality and Involvement and Education of Social Partners";
- representatives of the Employers' Confederation of Latvia, Free Trade Union Confederation of Latvia, Trade Union of Latvian Education and Science Employees and Latvian Adult Education Association are involved in the development of assessment criteria of the EU structural funds' project applications of the planning period of 2007–2013;
- by implementing the active employment policy measures, the State Employment Agency cooperates with employers, so that the requalification and qualification improvement training programmes would have been chosen, which meet the needs of the labour market;
- by supervising and improving a modern, competitive and qualitative education of culture and creative industry in Latvia, the Ministry of Culture cooperates with the representatives of the labour market, non-governmental organizations and education institutions in order to integrate creative industry aspects into education. In 2009–2011, a reform of culture education will be developed and implemented, which will ensure education of the professionals of the sector – artists, pedagogues, scientists and employees of the creative industry – on a high, competitive level, complying with the global market conditions, as well as will ensure availability of culture education as an integral part of a life-long learning for a wide range of interested persons.

One of the goals of Latvia is to increase the number of students in natural sciences and engineering study programmes. In the academic years 2005/2006 and 2006/2007, the number of study places financed from the state budget was increased by meeting the needs of the labour market in such thematic education groups as engineering and technology, natural sciences and mathematics, health, health and social care. In 2008 and 2009, the number of financed study places from the budget has not changed significantly and is not planned to increase in 2010.

In order to optimise the study directions, the results obtained from the labour market demand and supply forecasting system have been applied.

In the recent years, the number of pupils studying mathematics, natural sciences and technologies in the secondary education programmes has increased in general secondary education institutions (30.8% of pupils in 2007/2008 academic year, 32.2% – in 2008/2009 academic year). The number of those pupils and students, who choose to take the state centralized exams in sciences, is growing every academic year. As from the academic year 2008/2009, the centralized exam in mathematics is set as compulsory for all secondary school graduates.

To improve the study quality in natural sciences, mathematics and technologies on the level of secondary education, and to prepare knowledgeable and competitive youth, thus creating preconditions for national development in science and technology-intensive sectors, 50 secondary schools in Latvia with the support of EU structural funds have been provided with technologies and study equipment necessary for implementation of modernised teaching content in these subjects, as well as all secondary schools in Latvia are provided with contemporary teacher support materials.

The **life-long learning system** is being developed in Latvia, which would ensure equal opportunities for population to adapt to the requirements of social and economic changes and to participate actively in developing the future of Europe.

One of the goals of the life-long learning is to achieve that until 2010 at least 85% of persons of the respective age would have the secondary education. According to the Eurostat data, the number of young persons with at least secondary education aged 20–24 in Latvia has increased from 76.5% in 2000 to 80.2% in 2007.

Latvia shows the third best result regarding the literacy of inhabitants in the EU – since 2000 a decrease of 29.6% (OECD/PISA) of pupils with lower than the 2nd literacy level according to PISA has been observed. In the context of life-long learning, a person with the literacy level below the 2nd level according to PISA is considered insufficiently prepared to acquire further knowledge, skills and competences.

However, the indicator showing “involvement in the life-long learning” indicating the involvement of adult persons (aged 25–64) in formal or informal learning during the last four weeks prior to the survey and indicating how active the population is in the continuous process of acquiring knowledge, skills and competences, shows that in the current economic situation it is practically impossible to achieve the EU target – to ensure that until 2010 at least 12.5% of adults would participate in the learning process. Also the EU average indicator currently does not exceed 10%. In 2008, in Latvia this indicator reached 6.6%, which is below the set target and the average EU level.

In 2008, the number of persons having left school before graduating secondary education and those, who do not continue studies, has increased in comparison with the previous year by 1.5 percentage points and reached 17.5% of the respective age group. Thus for achieving the desired result (not more than 10% of inhabitants in the age group 18–24 without the secondary education and those, who do not continue studies), additional measures are needed, in order to ensure the availability of second education in the country.

To ensure successful implementation of the *Life-Long Learning Policy Guidelines for 2007–2013*, the Ministry of Education and Science in cooperation with the responsible and involved institutions has developed *Programme for Implementation of the Life-Long Learning Policy Guidelines for 2007–2013 in 2008–2010*.

The implementation of the measures of the National Lisbon Programme of Latvia will soften the negative impact of the global financial crisis on the economy of Latvia, will foster recovery of the economy and will ensure competitiveness and sustainable growth in the long-term.

2. State of Play in Terms of Governance and Ownership

In order to ensure coordination and supervision of implementation of the Lisbon Strategy, the government has developed a mechanism for monitoring the implementation in Latvia and has established:

- *Supervisory Board of the Lisbon Strategy* in order to ensure fulfilment and supervision of tasks set in the Lisbon Strategy in Latvia. The Board is chaired by the Minister of Economics, who is appointed by the Cabinet of Ministers as the coordinator for implementation and supervision of the Lisbon Strategy. The Board consists of ministers and representatives of the Saeima, local governments and social partners, who are involved in the Lisbon process. Tasks of the Board are to coordinate the development of the *National Lisbon Programme of Latvia* and to involve public institutions, the Saeima, local governments and social partners in the development of the Programme, as well as to supervise the implementation process of the Programme and inform the society about fulfilment of the tasks.
- *Advisory Working Group of the Lisbon Strategy* in order to ensure the development of the *National Lisbon Programme of Latvia* and its implementation at the inter-institutional level. The Working Group is chaired by the State Secretary of the Ministry of Economics. The Working Group comprises senior officials of the ministries linked to the Lisbon process.

Meetings of the *Supervisory Board of the Lisbon Strategy* and the *Advisory Working Group of the Lisbon Strategy* are held at least once per quarter.

The issues related to the Lisbon Strategy are discussed in the Saeima commissions, National Economy Council, Advisory Council of Small and Medium-Sized Enterprises and Crafts of Latvia, Free Trade Union Confederation of Latvia, seminars, conferences, etc. The EU Information Agency organises regular discussions regarding the issues of the Lisbon Strategy.

It should be noted that the assessment of the European Commission on implementation of the National Lisbon Programme of Latvia, as well as the EU Council's country-specific recommendations were reviewed in the meetings of the Supervisory Board of the Lisbon Strategy. Proposals for the implementation of the European Commission's country-specific recommendations were discussed during these meetings. The European Commission's country-specific recommendations for Latvia are included in the *Letter of Intent* concluded by the IMF and in the *Memorandum of Understanding* concluded with the European Commission. In accordance with the decision taken by the *Supervisory Board of the Lisbon Strategy* during a meeting on January 9, 2009, the *Advisory Working Group of the Lisbon Strategy* has developed proposals for implementation of the European Commission's country-specific recommendations. These proposals were included in the *Action Plan on the Implementation of the Economic Stabilization and Growth Revival Programme of Latvia*, which has been approved by the Cabinet of Ministers on February 3, 2009. Point 33 of the Action Plan sets a task to strengthen the achievement of the goals set in the *National Lisbon Programme of Latvia*:

- by implementing the R&D policy, as well as by promoting innovations;
- by implementing the active labour market policy;
- by ensuring the conformity of the education and training system to the labour market requirements through implementation of the life-long learning policy;
- by strengthening the flexicurity approach.

In order to achieve the goals set in the *National Lisbon Programme of Latvia*, the social dialogue is very important. Therefore the Programme provides several measures for improvement of this dialogue on the state and regional level. In the framework of the national programme co-financed by the ESF "*Support to Capacity Building for Implementation of Labour Market and Gender Equality Policy in Responsible Institutions, Distribution of Information and Raising Awareness*", implemented until 2007, the institutions involved in the cooperation partnership have been strengthened, including the Employers' Confederation of Latvia and Free Trade Union Confederation of Latvia. In the framework of the Programme, the capacity of Latvian local governments and the *Latvian Association of Local and Regional Governments* has been also strengthened in order to ensure development of employment partnership and social dialogue at the local government level.

Taking into account the deteriorating economic situation, the review of the measure priorities and the redistribution of the EU structural funds, several of the Programme's measures were not initiated in 2008 and 2009, including the measures for raising awareness in the society about gender equality aspects in the labour market.

In order to continue the initiated work, it is planned to implement different measures within the period of 2008–2010 to promote social dialogue and to strengthen the administrative capacity of the social partners, as well as to attract financing also in the framework of absorption of EU structural funds. The main objective of these measures is to increase the participation opportunities for the social partners in the development and implementation of the action policy, as well as to promote the development of the social dialogue on the regional level. With the support of the European Social Fund, from the end of 2008 until the beginning of 2009, five consultative centres have been established in order to inform and consult employed persons on the issues regarding legal labour relations and labour security. These centres will operate until 2013. Consultation services have also been initiated in the field of employment dispute settlement.

3. Economic Situation and Macroeconomic Policy

3.1. Economic Situation

Rapid growth had been observed in Latvia during the period of 2005–2007, when GDP grew annually by 11% on average. Such high growth rates were mainly ensured by the domestic demand, which was largely based on substantial inflow of foreign capital. Both, private consumption and investment increased considerably. Increase of exports played a less significant role in the growth.

In 2008, GDP decreased by 4.6%. Deterioration of the economic situation in 2008 was due to both, domestic (weakening of domestic demand stimulus) and external (slowing down of the global growth rates) processes affecting the economy. In the 1st quarter of 2008, GDP, in comparison with the respective period of the previous year, increased a little (by 0.5%), but already in the 2nd quarter it decreased by 1.9%. As the global financial problems intensified, recession rates in the second half of 2008 speeded up in Latvia, too. In the next two quarters, GDP was significantly below the level of the same quarters of 2007 (by 5.2% and 10.3%, respectively).

In the first half of 2009, with financial problems prevailing in the world, Latvia's economic recession continued. In the 1st quarter of 2009, GDP was by 18% and in the 2nd quarter – by 18.7% lower than in the respective period of the previous year.

The depth of the current crisis in Latvia is related to the high current account deficit of the balance of payments, which has established during the previous years of rapid growth and therefore has increased the vulnerability of the economy of Latvia. In 2007, the current account deficit was 22.5% of GDP. As of the second half of 2008, due to decrease of the financial inflow, there has been a rapid decline of private consumption and investments along with substantial economic adjustments, resulting in improvement of the trade balance of goods and services and decrease of economic activities upon decreasing domestic demand.

It is well reflected in the dynamics of the domestic demand, which continues to decrease rapidly: the domestic demand in the 1st and 2nd quarter of 2009 was by 19.7% and 25.4% lower than in the respective quarters of 2008. Due to the decrease of domestic demand, imports decreased rapidly and it resulted in the current account surplus in the 1st and 2nd quarter of 2009 (1.3% and 14.2% of GDP, respectively).

The decrease of output in the 1st half of 2009 was observed in all basic sectors of the economy. Most significantly the economic activities decreased in trade, manufacturing and construction. The decrease of output in manufacturing is explained by both, the decrease of domestic demand and limited export opportunities of Latvian manufacturers due to the falling external demand.

Due to the decline of domestic demand and supply-side affecting factors, since the mid-2008, the growth rates of consumer prices gradually decreased. In August 2009, the 12-month inflation had decreased and reached 1.8% (in December 2008 it was 10.5%). It is expected that during the next months inflation will continue falling and in the autumn the 12-month inflation will be negative. Deflation is expected also in 2010, and during the year, the prices may decrease further by some percent.

The situation in the global financial market has negatively influenced financial sector of Latvia. Due to the increase of prices for money resources, crediting has decreased, whereas the restricted availability of money reduces household consumption and weakens the development capacity of enterprises. The decrease of the financial inflow into Latvia's economy negatively affects the budget revenues.

Decrease of economic activities increasingly starts to influence the employment indicators. In the first half of 2009, with the reduction of the economic activities, the number of employed persons continued to drop – in the 2nd quarter there were 999 thousand employed persons or by 13% less than in the 2nd quarter of 2008. In the first half of 2009, the number of unemployed persons continued to increase rapidly. In the 2nd half of 2009, the unemployment level has reached 16.7% (in the 2nd quarter of 2008 it was 6.3%).

The recovery of Latvia's economy in the coming years will to a large extent depend on how fast the global financial system and the main foreign trade partner countries will recover. In this respect there is a rather deep uncertainty among the economists in the world, especially with respect to the issue of the depth

of the crisis. The growth forecasts are regularly revised. The majority of economists forecast that the recovery from the recession could start in 2010.

Taking it into account, it is forecasted, that GDP will decrease by 18% in 2009. As regards sectors, the most significant decrease of output will be observed in construction in 2009 and 2010. A rapid decrease of trade services and manufacturing is expected as well. The recession will leave the minor impact on transport and communication services.

The economic growth of Latvia may start again in the second half of 2010, however, the annual average growth rate will remain negative. Positive growth rate may be reached in 2011. The growth will be closely related to the gradual increase of the economic activities in our export partner countries, especially in the EU, as well as with the reforms implemented for the improvement of the competitiveness of Latvia's economy.

Recovery of the labour market is expected a year after the recovery of the economic growth since it will be based on growth of productivity, but not on the number of the employed persons. Thus the social problems related to the high unemployment level will prevail over the next 3–4 years. The most rapid decrease of labour demand is expected in 2009 and 2010. A gradual decrease of unemployment is expected only in 2011.

In 2009 and 2010, the economic development may be affected by several risks. It is possible that the decrease of external demand due to the financial crisis is deeper than forecasted by the European Commission and other international organisations, because high uncertainty still prevails in the world with respect to the future development and the impact of the financial crisis on the real economy.

Taking into account the deepening of the global financial and economic crisis, the government of Latvia is acting to stabilise and revive the financial system, to improve the efficiency of public administration by reducing its expenditures and to restructure economy by improving its competitiveness.

The *Economic Stabilization and Growth Revival Programme of Latvia*, adopted by the Saeima on December 12, 2008 and updated on June 16, 2009, defines the main directions of action for overcoming the economic crisis, which are as follows:

- strict and stable monetary policy based on fixed peg of the national currency to the single European Union currency. The government will implement all necessary steps to fulfil the Maastricht convergence criteria that would ensure the introduction of the Euro as soon as possible;
- strict fiscal policy – balancing the state and local government expenditures with revenues. In order to ensure a further decrease of the combined budget deficit, the aim to be reached via consolidation measures is to decrease the budget deficit up to 3% of GDP by 2012;
- in the economy of Latvia (in both, the public sector – public administration and services and the private sector), decrease of the wage level and its link to productivity;
- fostering efficiency of public administration, reforms of education, health and other public services sectors decreasing and restructuring human resources employed in these sectors, and optimisation of activities and number of ministries and agencies;
- increasing flexibility of the labour market, promoting retraining of the unemployed and their integration in the labour market;
- improving economic competitiveness concentrating the financing of the EU structural funds to increase support to export-capable sectors and infrastructure projects;
- decreasing administrative burden, especially for small and medium-sized enterprises;
- stabilisation of financial sector – provision of state support to strengthen the credibility and operability of credit institutions, also implementing stricter supervision of the credit institutions;
- maintenance of social protection measures to reduce the social tension.

The government has succeeded in stabilisation of the country's financial system. Several essential reforms have been initiated, e.g. the efficiency of public administration is being improved, and reforms are being implemented in the education and health care sectors. The results of these reforms will become visible in the medium term. At the same time, the government is implementing several measures for the promotion of entrepreneurship and elimination of administrative barriers. For the support of entrepreneurship, in 2009–2010, in Latvia's economy, LVL 600–700 million will be injected.

2009 will bring changes to Latvia's economic structure and it will show the ability of our country and entrepreneurs to accept new challenges and find new solutions to ensure growth.

3.2. Macroeconomic Policy

Latvia has a goal to maintain a stable macroeconomic environment, which is a necessary precondition to ensure growth and jobs. The programme for 2008–2010 defines the following main tasks in order to maintain macroeconomic stability:

- implementation of restrictive fiscal policy;
- ensuring efficiency of budget spending;
- ensuring compliance of wages with macroeconomic stability and growth;
- ensuring accession of Latvia to the eurozone;
- establishment of the taxation system promoting economic development;
- ensuring sustainability of public finances.

The Spring European Council of 2009 recommends Latvia to pursue a restrictive fiscal policy, within which expenditures are carefully prioritised and both tax and expenditure measures are focused on strengthening the supply potential of the economy; this should be facilitated by adopting a strong, medium-term fiscal framework with tight expenditure ceilings; in order to reduce inflation and improve competitiveness, promote wage moderation in the public and private sector.

Implementation of restrictive fiscal policy (see Section 1.1.1 and 1.2.1 of Annex 1)

The global shock of the financial market at the end of 2007 caused reduction of economic activities in Latvia already in the second half of 2008 – GDP decreased and the budget revenues were lower than expected. In 2008, the financial deficit of the state consolidated budget was LVL 531.1 million or 3.3% of GDP contrary to the planned 1% surplus (pursuant to ESA 95, according to which the conformity with the Maastricht criteria is being assessed, the general government budget deficit in 2008 was 4% of GDP).

At the beginning of 2009, the economic situation continued to deteriorate rapidly, when external financing into the Latvian economy decreased and the domestic demand decreased substantially. The situation was negatively influenced also by the unexpectedly rapid recession in the developed economies in the world and thus also the external demand decreased. As a result, the revenues of the state budget decreased rapidly. In the state budget of 2009, two new amendments have already been made in order to balance the budget expenditures and the decreasing state revenues. In July 2009, the established budget deficit targets for 2009, 2010 and 2011 are 10%, 8.5% and 6% of GDP, respectively (according to ESA 95).

In order to ensure further decrease of the combined budget deficit, the government and local governments must observe strict fiscal policy, by increasing efficiency of functions and thus ensuring the decrease of budget expenditures. As of 2013, the consolidated combined budget, excluding revenues and expenditures related to absorption of the EU and other foreign financial assistance, must be balanced or with a surplus. In order to ensure implementation of the budget strategic goals under hardly predictable conditions of the economic environment, the government has established a *Fiscal Discipline Supervision Committee* and has extended the competences of the Minister of Finance with the consent of the Saeima. In the case of necessity, the Minister of Finance may order the Treasury to delay or reduce allocations for a set period of time in compliance with the “Law on the budget and financial management”.

The level of general government gross debt in Latvia is still among the lowest in the EU. On December 31, 2008, it was LVL 3164.7 million or 19.5% of GDP. The debt level is mainly influenced by the gross debt of the central government.

At the end of 2008, on the basis of the *Economic Stabilization and Growth Revival Programme of Latvia*, the IMF, European Commission, World Bank, EBRD and several EU Member States have agreed about providing financial support to Latvia in the amount of EUR 7.5 billion. The allocated financing will be available from 2008 until 2011 and will determine the increase of the central government debt in 2009 and in the following years.

In order to provide more favourable development of the Latvian government debt securities market in the context of the planned introduction of the euro, strategic guidelines are developed in addition to the set redenomination principles of the public debt, which will foresee the direction of desirable market changes (initial disposal methods of securities, depositary and trading systems, investor base, etc.). However, the time of implementation of particular measures within the framework of the abovementioned strategic guidelines will mainly depend on the expected date of the euro introduction.

In the current situation, when the credit rating of the country has been reduced by several times, and taking into account the unstable situation in the financial markets, the borrowing possibilities (in terms of the borrowing terms and available financial instruments) of Latvia in the financial markets are limited. As the situation in the financial markets is stabilising, the main tasks in the field of the public debt management for 2009–2010 are as follows:

- To implement necessary measures, to renew Latvia's ability to borrow successfully in external financial markets,
 - by diversifying the investor base for providing borrowing opportunities as favourable as possible;
 - by improving the spectrum of financial instruments to be used (in domestic and foreign markets), borrowing mechanisms and technologies in accordance with trends in the international financial markets;
- to ensure efficient and safe management of financial resources by limiting financial risks, providing the necessary liquidity in time and in full extent for fulfilment of the state financial obligations by improving the methods to be applied and expanding the spectrum of financial instruments, as well as technologies in order to increase efficiency of financial resource management.

Ensuring efficiency of budget spending (see Section 1.1.1 of Annex 1)

To balance the budget expenditures and the decreasing state revenues, the government (with the amendments of the budget for 2009) implements optimization and reduction of budget expenditures. The administrative expenses of the ministries are being essentially reduced (including remuneration), by providing that structural reforms are implemented both, by reducing the number of civil servants and their remuneration. Substantial reforms are planned in the health protection system and education, by increasing the quality of the provided services and reducing the total costs of the sectors.

The increase of efficiency of budget expenditures will be facilitated also by the launched transition to a medium-term budget, i.e., the budget law for the next year, as well as establishment of the maximum admissible total gross expenditures for the next two years. The ministries introduce strategic planning gradually, thus the budget formation is based on the financing of targets and results of an action-oriented policy. Budget programmes are prepared in accordance with the institution's action strategy (hereinafter – IAS) policy/budget programme structure in the ministries, where the IAS is developed. The IAS ensures rational resource planning, as well as provision of continuity for the projects included in the budget programmes, according to which the results to be achieved are defined by receiving particular financing.

To create basis for sustainable economic development and to implement constantly the fiscal responsibility, clear and responsible goals of the fiscal policy shall be made, by determining budget deficit in accordance with GDP changes and macroeconomic forecasts. To reach this goal, it is foreseen to develop a *Draft Law on Fiscal Discipline*, which would set the budget deficit level corresponding to the forecast changes of GDP and macroeconomic indicators, state budget expenditure fluctuation range and the ceiling of maximum growth of these changes, thus ensuring contra-cyclical fiscal policy, as well as, will provide the area of responsibility of the Saeima, Cabinet of Ministers, other institutions and local governments, to ensure compliance with fiscal discipline on all levels of public administration.

The state by means of mediation of specially made financial instruments will support enterprises in implementing restructuring projects and projects for increasing their competitiveness, especially when implementing projects co-financed by the EU structural funds. During the Cabinet of Ministers meeting on April 21, 2009 it was decided to re-allocate financing in the framework of the operational programme "Entrepreneurship and Innovations", by assigning additional ERDF financing to the existing financial instruments, yet this re-allocation should be approved by the European Commission.

Ensuring compliance of wages with macroeconomic stability and growth (see Section 1.4.1 of Annex 1)

The government policy is directed towards promotion of coordinated wage payment and increase of labour productivity in order to avoid additional economic instability:

- by implementing the *Concept on Minimum Wage*;
- by improving the wage system in the direct public administration institutions;
- by promoting social dialogue.

One of the most important wage payment regulation mechanisms in Latvia is the minimum monthly wage. As from January 1, 2008, the minimum wage had been increased to LVL 160 (40.2% of the average wage in 2007), whereas as of January 1, 2009, the minimum wage had been increased to LVL 180. However, taking into account the impact of the economic crisis, adjustment of the economy to the new conditions and thus also the reduction of salaries in the national economy sectors, a question was raised about a possible decrease of the minimum monthly wage as of July 1, 2009, yet a decision had not been taken in this regard.

By implementing optimization of the public administration, the work on the wage pay system's reform is being continued, alongside with the reduction of wages in the public administration according to the consolidation targets of the budget for 2009 and 2010. To ensure a single approach to determining remuneration, a draft law "*On a single remuneration system of state and municipality institutions' officials (employees)*" is being prepared, which will apply not only to employees in the direct public administration, but also to employees in local governments, courts, deputies, employees of independent institutions, as well as board and council members of the state and municipal stock companies. It is planned that the draft law will stipulate single principles for determining the monthly wage, as well as single conditions for bonuses, benefits and compensations and other payments by the employer.

In the framework of ESF projects, work is being continued on the development of separate human resources management processes and their mutual integration, by applying the competences approach. The State Chancellery is working on a new system for evaluation of the public administration employees. It is an electronic tool and provides a possibility to analyse and compare the activity results, including factors hindering and promoting outstanding performance. It is planned to expand the evaluation methods in the framework of the project to the higher level managers, by including evaluation of the professional external competences, as well as to improve the evaluation criteria. It should be noted that introduction of the evaluation system will be a part of implementation of a wider initiative, as a result of which the national financial planning and administration system will be improved, as well as its link with other human resources management processes – selection of employees and development of professional skills – will be ensured.

Ensuring accession of Latvia to the Euro zone (see Section 1.1.2 of Annex 1)

One of the main goals of the Latvian government is introduction of the single European currency – euro – in Latvia. The precondition for achievement of this goal is macroeconomic stability, which would foster further economic growth. The Cabinet of Ministers and the responsible public administration institutions will implement all necessary measures to fulfil Maastricht convergence criteria that would ensure the introduction of the euro as soon as possible – on January 1, 2014.

Currently, the main problem is the budget deficit. As regards public debt, the calculations show that it will be possible to retain the public debt below the Maastricht criterion level, which is 60% of GDP.

The main tasks in the field of provision of the technical and legal base of the euro introduction and communication implementation for 2008–2010 are as follows:

- analysis of the European Commission recommendation (2008/I/10) "*On the Measures Facilitating Further Changeover to the Euro*", discussion on inclusion of the regulations that are not included in the plan and appropriate updating of the plan, as well as supplementing the Draft Law on the Euro Introduction with the necessary additional regulations;
- updating and approval of the normative act adjustment concept by the Cabinet of Ministers 24 months before the € day;
- updating of the Euro Introduction Communication Strategy and Action Plan of Euro Introduction Communication and appropriate information of society;
- Supervision of establishment of the *single euro payment area*.

Establishment of the taxation system promoting economic development (see Section 1.5.2 of Annex 1)

Work is currently being implemented on the *Elaboration of the Taxation System Development Guidelines*, which would determine the goals of taxation policy and directions of action for the upcoming 3–5 years in all fields of taxation policy. A working group has been established including representatives of public institutions and the private sector. The experts of the IMF are also involved in the development of the guidelines. The submitting of the document to the Cabinet of Ministers has been temporarily postponed to include in it measures that would be implemented after the recovery of the economy of Latvia.

On January 1, 2009, the amendments to the “Law on Corporate Income Tax” came into force, providing several investment incentives for the businesses:

- increase of equity capital;
The aim of amendments is to provide an incentive for the owners of an enterprise not to divide the profit in dividends, but invest in development of the enterprise, therefore increasing the equity capital. The law envisages a decrease of taxable income by a particular amount of interest, which the taxpayer would have paid for a loan of a similar amount (in the amount of the increase of the share of equity capital);
- increase of the cost of fixed assets for the needs of writing-off depreciation;
The goal of these amendments is to promote manufacturing, which is the main export-oriented sector. To continue to apply substantial tax incentives to taxpayers, performing manufacturing and acquiring new production technological equipment within the period until 2013. The amendments to the law prolong the special procedure for writing-off fixed assets for new production technologies for five years (from 2009 to 2013), therefore, raising the increasing ratio of the cost of fixed assets to 1.5 during this period;
- replacement of fixed assets;
The goal is to create incentive for taxpayers to substitute inefficient and outdated technological equipment with new and efficient equipment by postponing the tax payment for the alienated fixed asset at the moment of substitution. To promote transfer of production complexes from the areas with high cadastral value and real estate tax burden to more favourable areas concerning taxes in the rural areas of Latvia. The law prescribes to exempt the profit obtained from the sale of fixed assets (including technological equipment) from imposing a corporate income tax, if a new similar fixed asset is acquired instead within 12 months;
- incentive to register patents and trademarks;
The amendments are aimed at promotion of patent and trademark registration, therefore increasing the private sector investments in research and development (R&D), facilitating the achievement of EU average indicators regarding expenditures on R&D in terms of the percentage of GDP. The law specifies that the ratio of 1.5 increasing the value of depreciation will be introduced for such intangible investments, as a result of which the patents and trademarks are registered (the same as for the new production equipment).
- procedure for transferring losses;
The goal is to facilitate competitiveness of the tax regime with regard to tax payers, who contribute essential investments in the production and which will not pay back within five years. The amendments to the law envisage extension of the loss transfer period from 5 to 8 years.

Starting with January 1, 2010, it is planned to expand the personal income tax base, by imposing the tax on capital as well as to increase the income tax rate for the self-employed persons up to 23%.

As from January 1, 2010, it is planned to expand the real estate tax base, by including in it dwelling houses.

As from July 1, 2010, the amendments to the Law on Excise Tax will come into force, pursuant to which, in order to facilitate the usage of fuel with admixture of bio-fuels, a higher excise tax rate is set for fossil fuels than for fuel containing at least 5% of bio-fuels.

In order to facilitate the use of more economic and environmentally friendly cars and motorcycles, as from January 1, 2010, it is planned to change the tax application to cars and motorcycles, provided in the Law on Car and Motorcycle Tax. It is necessary to change the current tax calculation system, taking into account the emission of greenhouse gases (carbon dioxide) and the volume of motorcycle engines.

Pursuant to the Law on Electric Energy, as from January 1, 2010 the tax rate for electricity will be LVL 0.71 per MWh and it will reach the minimum level of the EU.

Ensuring sustainability of public finances (see Section 1.3 of Annex 1)

Evaluation of sustainability of Latvian public finances is positive and, according to the assessment by the ECOFIN, Latvia is among the countries with low risk for sustainability of public finances. However, the economic crisis has influenced the medium-term and long-term potential of the national economy substantially, essential changes are simultaneously introduced in the sectors that are closely related with the influence of ageing population: pensions, health care and education. The high budget deficit has increased the public debt level. These rapid changes make to be cautious regarding calculations performed before the crisis. Changes in public finance policy will be required in the future in order to adjust the budget for a substantially different demographic situation that includes necessity to increase the retirement age, ensure timely accumulation of resources and improve the health care system.

As the birth rate in Latvia is insufficient for alternation of generations, the average lifespan is growing and therefore the society has a high ageing rate resulting in a considerable load of the retirement-age persons on the working age persons. Thus, the Law on State Pensions determined a gradual rise of the retirement age to 62 years. The rise of this age for males is already completed, while the rise of retirement age for females to 62 years continued until July 1, 2008.

Currently, due to the ageing of the society and the financial situation of the state, the discussion has been launched on further increase of the retirement age. Currently, several essential decisions have been passed for the decrease of the budget deficit, including decisions in the social sphere. To provide social guarantees to individuals within the limits of available financing, the Saeima has adopted a Law on Payment of State Pensions and State Benefits for the Time Period from 2009 until 2012, as well as amendments have been made in all the laws regulating the social sphere.

From July 1, 2009 until December 31, 2012 the state paid age and long service pensions are reduced (pensions to be paid pursuant to the Law on State Pensions) by 10%, namely, as of July 1, 2009 the state age and long service pensions will be paid in the amount of 90%. However, the working (employees and self-employed) receivers of the age and long service pensions, will receive their pension only in the amount of 30% of the calculated pension (additional 10% reduction will not be applied). As from July 1, 2009, the early assigned age pension until reaching the general pension age together with the premium will be paid in the amount of 50%. The untaxed minimum of the personal income tax for persons receiving pension has been retained in the amount of LVL 165 per month (LVL 1980 per year).

From July 1, 2009 until December 31, 2012, the amount of the family state benefit will be equal for all children – LVL 8 per month for each child. As of July 1, 2009 the family state benefit will be paid for a child until the age of 19, if the child continues studies in the general school or vocational education institution. For the children born after May 3, 2010, the family state benefit will be allocated only after the age of one year. For children born after April 5, 2010, one of the parents in relation with the birth of the child or guardian for taking the child aged up to one year in patronage will receive only the child birth benefit in the amount of LVL 296 (without premiums). Until then, the following premium is added to the child birth benefit: LVL 100 – for the first child, LVL 150 – for the second child and LVL 200 – for the third and next in line children. During the time period from July 1, 2009 until May 2, 2010, the parents benefit to the person, who will work during the child care leave, will be paid in the amount of 50% of the assigned benefit. For the children born after May 3, 2010, the parents benefit will be allocated only to those persons, who will be on a child care leave and will not receive income as an employer or a self-employed.

The most urgent basic tasks in the health care system are as follows:

- to retain access to the health care services for the inhabitants, by developing health care infrastructure (paying special attention to the primary health care and emergency medical help), thus the Latvian population will be provided with high quality care, meeting better their needs, and the quality of the provided health care services will be improved;
- to modernise the emergency medical service in order to provide timely medical help, which would result in a decreased mortality rate of the population and promote faster restoration of ability to work;
- to ensure and develop in the long-term human resources in health care sector.

In order to reach the set goals of the health care sector, important policy planning documents have been approved, which determine the further priorities and required actions (see Section 1.3.2 of Annex 1).

Currently, the planning of the health care services and more rapid concentration of inpatient services is largely influenced by the economic situation in the country, when urgent measures are being implemented in

relation with cutting down budget expenditures. A list of hospitals is made, with which after September 1, 2009 an agreement will be signed on providing hospital services. Thus, agreements on secondary and tertiary health care services will be signed with 22 hospitals, with 8 care hospitals, 13 specialized hospital service providers, while with another 30 hospitals that up to now provided hospital services, agreements will be signed on outpatient health care services.

The Ministry of Health has drafted a *Plan for Implementation of the Health Care System Reform for 2009–2011* with the aim to ensure development of the health care system under the situation of limited financing, by improving the management of health care system, optimizing resource acquisition and money administration mechanisms, making more efficient buying and selling of health care services, as well as by ensuring the necessary resources for providing services.

4. Microeconomic Policy

4.1. Stimulation of Knowledge and Innovations

In order to promote knowledge and innovations, the main tasks for 2008–2010 are as follows:

- to ensure public investment and foster private investment in R&D;
- to foster renewal of the intellectual potential in science, improving the system of doctoral grants and modernising the scientific infrastructure;
- to foster innovations and new technologies;
- to promote distribution and efficient application of ICTs, as well as the continued development of a fully integrated information society.

The Spring European Council of 2009 recommends Latvia to integrate more closely research and development (R&D) and innovation policies, especially through partnerships amongst key private and public actors, and through additional incentives for investment by the private sector.

Increase of public and private investment in R&D (see Section 2.1.1 of Annex 1)

The total financing for R&D in 2008 amounted to LVL 99.5 million or 0.61% of GDP. It was by LVL 11.6 million higher than in 2007. As a target indicator for 2010, total financing in the amount of 1.5% of GDP has been set. In order to reach this target, the *Law on Scientific Activity* provides an annual increase of financing for scientific activity of not less than 0.15% of GDP or the annual financing increase on average by LVL 10–15 million.

In 2008, the public financing for R&D from the budget of the Ministry of Education and Science was LVL 56.8 million, including financing from the EU structural funds and EEA NO financial instruments (excluding foreign financing in the amount of LVL 47.1 million). In 2009, due to the tight budgetary situation, the public financing for R&D has decreased to LVL 21.8 million. Therefore, in 2010, it will not be possible to reach the target indicator for the total financing (1.5% of GDP) and it may be 1% at best.

Budget financing of 2009 has been allocated to:

- the implementation of 9 public research programmes (energy, agrobiotechnology, environmental sciences and medicine, Latvian language, forestry science, materials science, informatics, biomedicine and pharmaceuticals);
- the increase of base financing for research institutes;
- ensure scientific activity by financing the activities of the Latvian Academy of Sciences and by providing all scientists with access to the electronic databases of scientific publications;
- the implementation of the market-oriented research programme and the support of the EU framework programme project implementation;
- the participation in the EU research and technology development programmes;
- the operation of the Latvian Science Council;
- the operation of the State Agency “Latvian Academic Library”.

The implementation of the *Market-Oriented Research Project Programme* is being implemented with the aim of promoting the cooperation of Latvian scientists and entrepreneurs, especially SMEs, in the implementation of research necessary for the development of new technologies and products. The programme is financed from the state budget (in 2008, LVL 659 thousand were allocated, while in 2009 – LVL 438.8 thousand) and the scientific institutions registered in the *Register of Scientific Institutions* can receive financing in the amount of 50% of the eligible costs, while the remaining 50% are to be attracted from commercial entities. The implementation of 21 new research projects has been supported in the framework of the programme in 2008, as well as the implementation of 27 already initiated projects has been ensured. In 2009, the implementation of

new projects has not been initiated, but the implementation of 25 research projects launched during the previous years is being continued.

A special research block is related to the forestry sector and timber processing issues, which is mainly financed by the *Forest Development Fund*. The priority scientific research fields of the *Forest Development Fund* have been defined, including development of new timber and non-timber products, as well as innovative technologies.

EU structural fund financing for 2007–2013 available to Latvia for innovations will facilitate the increase of the private sector expenditures on R&D. During these years, it is planned to attract private sector financing in the amount of LVL 116.6 million for R&D and innovations.

The state has provided the scientists and entrepreneurs with the participation opportunities in several EU research and technology development programmes by concluding participation agreements. Also in 2009, the participation of the scientists and entrepreneurs in the EU research and technology development programmes has been ensured by paying the necessary participation fees in the programme budgets.

In the framework of *EUREKA Programme*, the businesses have the opportunity to submit projects to receive support for project implementation. The *EUREKA Programme* is an EU programme for promotion of international cooperation between businesses and scientific institutions, in order to foster development of high technologies, new, competitive products and services. An enterprise may receive up to LVL 91 thousand for the implementation of a collaborative research project and the support intensity may constitute 75% of the costs for conducting industrial research and 50% of the costs for the planning work. In 2008, 9 contracts on implementation of EUREKA projects have been concluded and the financing of the implementation stages of projects launched in the previous years has been continued. In 2009, 4 new projects have been launched and the financing of 14 projects has been continued. In 2010, it is planned to continue the implementation of EUREKA projects in the framework of state budget financing.

In 2008, in the framework of the EEA NO grant scheme “Academic Research”, six subprojects were approved supporting the applied and academic research of the scientific institutions registered in the Register of Scientific Institutions. In 2009, the second open tender of the EEA NO grant scheme “Academic Research” was published in the framework of which it is planned to support 8–10 scientific research projects.

The main tasks to increase the public and private investment in R&D for 2008–2010 are the following:

- to improve the procedure provided for in the legislative acts concerning the allocation of the public financing to the scientific activity;
- to implement market-oriented research;
- to define the priority scientific directions for 2010–2013 and to implement research programmes in these priority scientific directions.

During the meeting of the Cabinet of Ministers of August 25, 2009, 5 priority scientific directions were approved for financing of fundamental and applied research in 2010–2013:

1. Energy and environment (renewable energy resource extraction and utilization technologies, technologies decreasing the climate change and biological diversity); 2. Innovative materials and technologies (informatics, information and signal processing technologies, nano-structured multifunctional materials and nanotechnologies); 3. National identity (language, history of Latvia, culture and human security); 4. Health of the society (prevention, medical, diagnostic methods and biomedicine technologies); 5. Sustainable use of domestic resources (entrails of the earth, forests and food) – new products and technologies. In 2010, it is planned to start the implementation of state research programmes in the abovementioned scientific directions.

Increase of the intellectual potential in science (see Section 2.1.2 and 2.1.3 of Annex 1)

The successful development of the knowledge-based economy is not possible without the intellectual potential in science determined by the number of people working in science and research. At the moment in Latvia, the share of scientists, incl. those with doctoral degree, in the number of employed is significantly lower than in the EU Member States on average.

In the academic year 2007/2008, the total number of students in doctoral programmes in Latvia was 1982 (in the academic year 2006/2007 – 1797), and these were 1.6% from the total number of students. In the academic year 2008/2009, the total number of students in doctoral programmes in Latvia was 2025 (also 1.6% from the total number of students). In 2007, 146 doctoral dissertations were presented, while in 2008 – 139 (in 2006 – 106).

In 2008, the national programme “*Support for the Doctoral Study Programmes and Post-Doctoral Studies*”, which was initiated in the framework of the EU structural funds programming period for 2004–2006, was

completed. In the framework of the programme, support was provided to more than 900 doctoral students and young scientists, 640 doctoral students, from which 252 doctoral students have presented their doctoral dissertations. In order to ensure the renewal and development of the intellectual potential in the scientific activities, by 2013 it is planned to reach the increase of the number of the annually prepared new doctors to 500 science doctors per year.

In 2008, the national programme “*Support for the Modernization of Scientific Infrastructure at the State Scientific Institutions*”, which was initiated in the framework of the EU structural funds programming period for 2004–2006, was completed. The aim of the programme was to modernise the infrastructure in the state scientific institutions, which are implementing research in the priority scientific directions. In total, in the framework of the national programme, 43 projects were implemented in 2008 with the total financing in the amount of LVL 25.9 million.

During the EU structural funds programming period of 2007–2013, it is planned to implement projects that would improve the scientific and research equipment and create infrastructure appropriate for its operation in order to ensure a state-of-the-art base of materials and technologies for research activities in the leading state level research centres, as well as to create a data transfer network for the realisation of scientific activity and for the participation in the European academic network and to improve the information systems in the state scientific institutions and universities.

With the support of the EEA NO financing, in 2009–2010, it is planned to improve the base of materials and technologies of the Scientific Institute of Creativity, as well as to purchase and install equipment necessary for the research process.

In 2008–2010, the main tasks for the increase of the intellectual potential in science are:

- to develop the state scientific institution system, where each of the institutions in the state defined priority scientific directions implements high level scientific research and development and innovative activity in cooperation with enterprises and public administration institutions; to continue to modernise the scientific infrastructure in the state scientific institutions ensuring the financing of the scientific institution base;
- to support the new scientists and excellence in science by improving the doctoral programme grant and scholarship system, and by creating a post-doctoral programme research support system and developing support measures for the support of scientists whose scientific activity complies with universally recognized assessment criteria.

In order to promote participation of young scientists in scientific projects and the return of foreign scientists, in 2009, the implementation of EU fund activity “Attraction of Human Resources to Science” has been initiated. The public financing available to this activity is LVL 40.2 million;

- to promote the bilateral and multilateral cooperation in the fields of scientific research and technology development with the EU Member States and other countries, to ensure the creation of the academic personnel in the international tender environment;
- to ensure the accessibility of higher education and scientific activity in regions (See tasks 1 and 3 of Section 2.1.3 of Annex 1);

To ensure the scientific activity, a certain amount of the financing from the base financing has been allocated to regional scientific institutions. For the allocation of EU fund financing in the field of science a principle has been introduced that additional points are granted to those scientific institutions, which are registered in the regions of Latvia. It is planned to implement the described principle also in 2010 and further. Although the placement of the higher education institutions in the territory of Latvia is rather unequal, i.e. 44 from 60 high schools and colleges are located in Riga, but the location of branches in the territory of Latvia is rather equal. Thus, it may be concluded that currently higher education is available to the population of all regions of Latvia;

- to develop the applied research in the field of innovative technologies, to create preconditions for development of scientific research in sectors, where the respective potential and development perspectives are to be built, assessing and determining the priority science directions every four years.

During the meeting of the Cabinet of Ministers of August 25, 2009, 5 priority scientific directions were approved for the financing of fundamental and applied research in 2010–2013 (see above), ensuring their implementation in a form of state research programmes, improving the current state support programmes and developing new support measures to support the knowledge and

technology transfer and establishing competence centres. In 2008 and 2009, 9 state research programmes in accordance with the priority scientific directions for 2006–2009 are being implemented, which in 2008 received financing in the amount of LVL 9.7 million and in 2009 – LVL 6 million. The implementation of the mentioned programmes is planned to be completed by the end of 2009. As of 2010, it is planned to launch new research programmes in accordance with the new priority scientific directions for 2010–2013.

- to promote understanding of the scientists and entrepreneurs about intellectual property and its protection by developing a state support programme for the protection and provision of intellectual property rights and by launching its implementation.

In order to coordinate and promote the activity of public administration institutions and the cooperation in the field of **intellectual property and protection of intellectual property rights**, the *Intellectual Property Council* (hereinafter – Council) continues its operation which, during the last three years, has helped the resolution of many problems, for example the council has promoted the exclusion of Latvia from the “Special Report 301” prepared by the US, has drafted amendments to the Criminal Law and the Latvian Administrative Violations Code (at the moment they are forwarded to the Cabinet of Ministers for approval) in order to assess the necessity to increase the sanctions for intellectual property right violations and to prevent the overlapping of regulations; furthermore, training has been provided for judges, etc.

The Cabinet of Ministers adopted Decree No. 521 on August 26, 2008 “*Guidelines on Protection and Provision of Intellectual Property Rights for 2008–2012*” (hereinafter – guidelines). The representatives of the Council had been involved in the development of these guidelines. The guidelines determine the following key priority directions: improvement of education, information of the society, promotion of innovations (see Section 2.1.3 of Annex 1). In the result of cooperation of involved institutions in the Council, the informative report had been adopted by the Cabinet of Ministers on April 3, 2009 “On the Implementation of the Policy Planning Document “Guidelines on Protection and Provision of Intellectual Property Rights for 2008–2012” in 2008”, which contains information on the work done in 2008 regarding the intellectual property rights, by implementing priority directions, for example, by improving awareness on the intellectual property rights (including the intellectual property rights issues in the study programmes’ standards, training of law enforcement institutions’ employees, by improving information on the intellectual property rights issues in the internet), promotion of innovations (e.g. establishment of consultation centres, support to industrial property protection), improvement of cooperation between public and private institutions, as well as research.

In the 2nd half of 2009, the following tasks are being implemented: joint training of the law enforcement institutions’ employees (planned also in 2010); development and promotion of information stock in the field of intellectual property protection (planned also in 2010); support for industrial property protection (planned also in 2010); conducting survey of population and entrepreneurs on the issues regarding intellectual property rights; development of society information and education programme according to the survey results.

To foster innovations and new technologies (see Section 2.2 of Annex 1)

The Programme foresees a number of measures for the improvement of innovation support structures to promote the transfer of knowledge and technologies, as well as to foster the development of new products and technologies. The goal is to ensure that in 2010 the number of innovative enterprises constitutes 20% of all enterprises.

The key factors hindering development of innovative business activities are insufficient cooperation of the science sector and businesses and insufficient financing for the innovative business activities in an early stage. The main directions of activity set forth in the Programme for Promotion of Business Competitiveness and Innovations in 2007–2013 for innovation development foresee:

- to foster transfer of knowledge and technology by promoting cooperation of science, education and private sector;
- to support the development and introduction of new products and technologies.

To promote cooperation between scientists and entrepreneurs, in 2008, the operation of 8 *Technology Transfer Contact Points* established during the previous EU fund programming period for 2004–2006 continued attracting financing from the EU funds. At the end of 2009, it is planned to launch the implementation of the

*Competence Centre Programme*² with the aim to increase competitiveness of businesses, fostering cooperation of the research and industrial sectors in the implementation of industrial research and development projects of new products and technologies. In the framework of the Competence Centre Programme, it is foreseen to support the competence centre activities, industrial research, planning work, as well as strengthening of the industrial property rights and investments in the R&D infrastructure. The financing available in the framework of the programme constitutes LVL 42.7 million.

In 2008, the implementation of EU structural fund programmes was launched for the support of development of new products and technologies and for their introduction into production, as well as for strengthening the industrial property rights. Support for industrial research is provided to entrepreneurs in the framework of the Programme on Development of New Products and Technologies, i.e. for planned research or critical research with the aim of obtaining new knowledge and methods to be used in development of new products and technologies or in the substantial improvement of the current products or technologies (up to 70% from the total eligible costs) and projection works (experimental developments), i.e. acquiring, combining, modelling or using scientific findings, technological, commercial or other essential knowledge or skills to create new, modified or improved products or technologies, or activities, the aim of which is to define, plan and document conceptually new products or technologies (up to 45% of the total eligible costs). In the 1st selection round, 291 projects had been received, of which 134 projects had been approved. The 2nd selection round will be organized in 2010.

In the framework of the Programme on the Introduction of New Products and Technologies into Production, the entrepreneurs have an opportunity to receive support for initial investments in the fixed assets, e.g. acquisition of patents and licences, which ensure directly introduction of new products and technologies into production (up to 45% of the total eligible costs). In the 1st selection round, 91 projects had been submitted, of which 57 projects had been approved. The 2nd selection round will be organised in 2010.

Financing for strengthening industrial property rights may be received by micro, small and medium-sized enterprises for registration of such industrial property right subjects as invention, design, semiconductor product topography and plant varieties (up to 45% of the total eligible costs). The selection of projects is organized from December 15, 2008 until December 30, 2009.

At the beginning of 2008, the *Enterprise Europe Network* started its operation in Latvia. The granted co-financing of the Republic of Latvia in 2008 was LVL 0.2 million, in 2009 – LVL 0.15 million. In the framework of the network, entrepreneurs can receive information and practical advice concerning trade, EU legislation, innovation development and technology transfer issues, as well as consultations on participation in the EU 7th Framework programme for development of science and technologies.

In total in 2009, it is planned to provide 1100 consultations to the entrepreneurs in Latvia, to organise 12 informative seminars, to process 120 business cooperation profiles, to participate in 3 European Commission projects, to register 50 clients that would be interested in the 7th Framework Programme by organising or participating in 28 informative events, as well as to conclude 18 technology transfer contracts. It should be noted that the part of the already achieved results is close to or exceeds the projections for 2009, for example, in 2009, it was planned to implement only 35 technology audits and to process 350 information requests from foreign companies. This is due to the active interest of both, Latvian and foreign entrepreneurs about the business activities in the single EU market. In 2010, the work will continue on providing the described services to the Latvian entrepreneurs planning to reach the same results.

Latvia is taking part in the network of the Baltic Sea organisations promoting innovations by participating in the project “*Baltic Sea Region INNONET*”. In 2009, the joint work with other ministries and innovation agencies of the region’s countries is continued in order, after the completion of the project, to integrate it in the Action Plan “*EU Strategy for the Baltic Sea Region*” approved by the European Commission on June 10, 2009, in the framework of which, on the basis of this project experience, one of the leading international programmes (*Flagship Project*) would be developed, i.e. “*Baltic Sea Region Innovation, Cluster and SME Network*”.

² The competence centre is a legal entity comprised of several science, higher education and private sector partners with the aim to implement joint industrial research and development of new products promoting increased competitiveness of businesses and ensuring significant return to the economy in general.

Promotion of distribution and efficient application of ICTs, as well as the continued development of a fully integrated information society (see Section 2.3 of Annex 1)

Latvia is implementing a number of measures to foster distribution of ICTs and creation of an integrated information society. There are following two main directions:

- increasing internet availability;
- development and provision of efficient e-government.

Statistical data characterising the progress in the field of ICTs shows, that the situation in Latvia is improving significantly. In 2008, in Latvia, 57% of the population regularly (at least once per week) used internet (in 2007 – 52%). The indicator of 2008 is slightly better than the EU average (by 1 percentage point). In 2007, the number of people that have used computer was 63.8%, but in 2008 it had increased to 68.9% from the total population.

Despite the progress, from a technical point of view, Latvia's indicators slightly lag behind from the average EU level. According to the Eurostat data, in Latvia, the number of households with a broadband connection in 2008 was 40% (in 2007 – 32 %), which is by 9 percentage points below the average EU-27. The availability of internet in 2008 was 53% (in 2007 – 51%), which is only by 7 percentage points below the average EU-27 (60%).

The accessibility of e-government services on the internet is still relatively low in comparison with the EU average. The usage of e-government services in Latvia in 2008 by enterprises in their communication with public administration institutions was 55% (EU average – 68%). In 2008, in Latvia, e-government services were used by 16% (EU-27 – 28%) inhabitants in their communication with public administration institutions.

The Spring European Council of 2008 set ambitious goals regarding the household connection to the internet, as well as a goal to ensure internet connections for all schools by 2010. In order to fulfil the goals set by the Spring European Council of 2008, Latvia plans to implement the following measures in 2008–2010:

- to ensure access of public institutions to information and communication technologies (100% of the general education schools and 80% of local governments);
- to establish 601 internet connections in public institutions.

In Latvia, the government has set a goal to connect 75% of households to broadband internet by 2013 and to develop the broadband accessibility by increasing the quality indicators (focusing on increased accessibility speed of up to 2Mb).

In order to achieve this goal, in 2009, a study on modernisation of the broadband communication network has been performed and a broadband selection criteria project has been prepared (at the moment, coordination process is in progress).

To spread the broadband network infrastructure in the distant areas, Latvia has implemented a project “*Development of broadband communication infrastructure in rural areas*”. The project, with the support of the ERDF, was implemented as a public-private partnership (PPP) project. A contract was concluded on establishment of broadband access points in all rural areas of Latvia by July 15, 2008. Since August 2008, broadband coverage is available in all rural areas of Latvia.

In order to provide education institutions with adequate, cost-efficient and reliable information and communication technologies infrastructure, a respective activity has been launched in the framework of EU structural funds operational programme for 2007–2013 with the available eligible financing of LVL 12 million. In the 2nd half of 2008, the evaluation process of project applications was launched, which continued also in 2009.

However, it should be noted that from 2007 until the end of the 1st half of 2009 the implementation of the Education Informatization System is not being implemented fully as provided for in the *Education Informatization System Programme for 2007–2013* due to the lack of necessary financial resources. The absorption of the EU structural funds financing planned as the main financing source for the action plan in 2008 and 2009, was launched only in the 2nd half of 2009.

In the framework of the EEA NO financial instrument's priority “Development of Human Resources and Education”, in 2009, one project has been launched which in 2010 will result in two multimedia training material packages for general education schools, as well as in training provision for general education teachers for the use of multimedia study materials.

The *Digital Library Project* is being also continued. In 2008, the building of the technical infrastructure was ensured, training of employees implemented and the achievement of goals ensured. These goals are: to ensure the digitalisation of library funds and making them available on the internet by offering users a varied search and research opportunities. In 2008–2009, a digital object administration system has been developed

and implemented for secure lifelong digital object storage, and the migration of all existing collections to the new system has been launched thus ensuring the browsing and search of all digital resources at one place. Work has also begun on the new digital collections, including the periodical publications portal *Periodika.lv*. All resources of the digital library regardless of the copyright status are available in the closed state library network, thus significantly improving the access for end-users in the whole territory of Latvia. At the end of 2009 and in 2010, depending on the available financing, it is planned to publish the described digital object administration system and to update its data, or, in case of insufficient financing, to implement the measures in order to reduce the system maintenance costs significantly and to publish it afterwards. In 2008 and in the 1st half of 2009, a number of pilot projects have been completed aimed at developing search functionality improvements for the rapidly growing amount of documents. In the framework of projects financed by the ERDF structural funds, it is also planned to use the results of individual pilot projects.

For the purposes of promotion of the information society development, by December 15, 2009 it is planned to draft and submit to the Cabinet of Ministers the *E-Skills Development Programme for 2010–2015*. The aim of the programme is to promote the information society development by offering an opportunity to all the population in Latvia to acquire general digital skills corresponding to their age, education and professional activities in order to eliminate differences with respect to e-skills and to foster competitiveness and employment.

To develop efficient **e-government** and to ensure its functioning in Latvia, the normative environment of e-government is being improved, creating favourable preconditions for the efficient implementation and operation of e-government.

Since October 2006, Latvian population can purchase the means of secure electronic signature. Since April 23, 2007, secure electronic signature may be used in the communication with public administration institutions. At the moment, the possibility of optimising the costs of e-signature smart cards by organising a central procurement for the purchase of e-signature smart cards is being evaluated.

In order to develop and improve the electronic public administration infrastructure, efficient development of e-government and to improve the e-procurement system:

- the Single Information System of Local Governments (hereinafter – SISLG) was improved and extended ensuring the informatization of local governments' functions and data exchange among local government information systems and state level registers that now enjoy a greater cooperation due to additional security requirements in the institutions. In 2008, the development project of SISLG had been prepared and included in the list of projects to be financed by the ERDF;
- a freely accessible shared-use e-service platform has been established with the main aim to achieve maximum use of the existing technological resources and to provide the opportunity of creating individual e-services. Thus there is no need for the institutions to invest financial resources in the building of infrastructure elements, which are already centrally established and freely accessible. The platform is formed by a system created in 2007, i.e. *State Information System Connector*, which collects data from several state information systems and portal *www.latvija.lv*, where the *Public Services Catalogue* is published, the publicly available part of which provides information about the services offered by the state and local governments, as well as about the electronic services and the service search option. It is planned to use the Public Services Catalogue to introduce and ensure the principle of a one-stop shop in the provision of administrative services in order to be able to provide information about the state and local government services, the possibility to receive them and channels, where they may be received. In the portal *www.latvija.lv*, it is planned to develop a centralised e-document storage function, which will allow the citizens to store centrally the electronic documents sent or received in the framework of the services;
- during 2008–2010, by the use of the co-financing of structural funds, it is foreseen to support establishment, development and integration of the public administration information system, as well as the development and introduction of the public administration electronic services, e.g., a single, integrated information system will be established for the implementation of the *Social Services Administration* functions and tasks. In the beginning of 2009, a project for the creation, introduction and e-services development has been submitted to receive financing from the ERDF.

Taking into account the abovementioned, it may be concluded that in Latvia work is gradually continued on the establishment of the information society thanks to the introduction and spreading of information and communication technologies in both, public administration and private sector.

4.2. Favourable and Attractive Environment for Investment and Work

Business environment in Latvia is being consistently improved through development of the legal framework harmonising it with the EU requirements and monitoring the effects of administrative procedures on business activity. Taking into account the current global financial crisis and its negative impact on Latvia's economy, the priorities defined during the previous years regarding improvement of the business environment have been reviewed. Therefore, the Programme defines the following main tasks as priority directions for creation of favourable and attractive environment for investment and work in 2009–2010:

- improving the business environment by reducing the administrative burden and improving the insolvency process;
- fostering the access of businesses to finance;
- stimulating exports of goods and services.

At the same time, work in the framework of other tasks defined within the Programme continues, i.e. strengthening competition supervision, improving and developing transport infrastructure, completion of the administrative territorial reform, ensuring efficient, secure, and sustainable energy supply, promoting energy efficiency and ensuring sustainability of resources.

Improving the business environment (see Section 2.4.1 of Annex 1)

Latvia takes the 29th rank among 181 countries in the *Doing Business 2009* report by the World Bank published in 2008 (26th rank among 178 countries in the *Doing Business 2008* report). Business environment is assessed according to 10 topics. The relative place of Latvia in the *Doing Business* ranking has increased from 2004 to 2007, reaching the highest ranking in 2007 – 22nd position in the world. During the last years, the position of Latvia has improved in separate topics, for example, starting a business, paying taxes and trading across borders.

However, the position of Latvia is low in several topics, for example, dealing with construction permits, employing workers, registering property and closing a business, which has led to a small decline of the total position – to the 26th rank in 2008 and the 29th rank at the beginning of 2009. In order to improve Latvia's situation in these topics, improvements have been implemented. For example, recommendations have been developed regarding construction coordination, property registration and the regulation of legal labour relations, as well as closing of business activities, which have been included in the *Action Plan on Improvement of the Business Environment for 2009* (hereinafter – Action Plan). It is the inter-institutional policy planning document. The Action Plan comprises the directions of action, tasks, measures to be implemented, responsible institutions, assessment indicators and deadlines. The measures to a large extent are based on the proposals to improve the situation in separate areas, which are usually submitted by the organisations representing businesses. In the Action Plan for 2009, several recommendations of the NGOs and entrepreneurs on improvement of the insolvency procedure were included (specifying the way of informing the debtor, prolonging the deadline of debtor's liabilities, revision of the amount of resources to be arrested during the insolvency process, etc.); on ensuring flexibility of legal labour relations (revision of amount of different premiums, simplification of dismissal procedures, etc.); on improvement of tax administration (simplified accounting in a limited liability company with one owner, simplified procedure of transit customs declarations, simplified calculation of maximum guarantee amount for excise tax, simplified procedure for storage of oil products, etc.); and other improvements (reduction of the number of documents to be submitted in public procurement procedures, arrangement of the normative base of “green” markets and trade on the streets, abolishing trade restrictions in summer cafés, etc.).

Latvia supports the introduction and implementation of the EU initiative – **better regulation** – principles both, at the European Community level and the national level of the EU Member States.

In 2008, the *Public Administration Policy Development Guidelines for 2008–2013* had been adopted, which include directions of action prescribing the implementation of a better regulation in the framework of improved public administration's quality and efficiency by improving the service quality of institutions, development of e-government and e-services, development of quality management systems, simplification of administrative procedures and reduction of administrative burden, as well as improved cooperation of public and private sector. *The national target of Latvia is also strengthened in the guidelines – to decrease the administrative burden by 25%.* The *ex-ante* assessment process of the regulation will be strengthened also at the level of local governments (prescribing that, when developing binding regulations, the local governments must reflect the expected impact of these regulations on the business environment, administrative procedures, etc.), the procedure of society's participation is determined not only in development of the regulation, but also in development of policy planning documents (respective Cabinet of Ministers regulations have been approved defining participation of the society in all levels of the development of planning), the analysis of the regulation is implemented for the identification of different costs and for further decrease of administrative burden, single contact points are established for the performers of administrative procedures, etc.

Since 2007, in Latvia, at a national level different measurements of the administrative burden were made. In 2008, the Ministry of Agriculture initiated the following studies “Assessment of administrative burden and costs with respect to the food safety legislative framework” and “Assessment of the administrative burden in relation to the implementation of the support measures of the Rural Development Programme for 2007–2013 with regard to the forestry sector”. In 2009, the existing procedure for obtaining support was examined and a new procedure developed, by foreseeing a decrease of administrative burden. In 2009, the assessment of the administrative burden and costs with respect to the food safety legislative framework has been continued.

In order to improve and accelerate the insolvency process, on January 1, 2008, the new **Insolvency Law** came into force. However, it is planned to introduce several amendments to this law. In accordance with the *Action Plan on the Implementation of the Economic Stabilization and Growth Revival Programme of Latvia* and the Letter of Intent concluded by the IMF, Latvia must develop amendments to the Insolvency Law and review related normative acts, by improving liquidation (bankruptcy) process in order to facilitate fast closure of “not viable” enterprises and additionally improve the sale of a guarantee serving (pawned) property.

On July 1, 2009, amendments to the Insolvency Law came into force, according to which, in the field of insolvency rights, the legal protection process (hereinafter – LPP) and the insolvency process of legal persons have been improved, thus simplifying the solutions between a viable economic activity performer and its creditors, as well as the insolvency process of the natural persons has been improved, thus making the process more accessible to natural persons having difficulties. Along with amendments to the Insolvency Law, in Latvia there is the possibility to conclude an agreement on debt restructuring in the out-of-court environment, i.e. in accordance with the amendments to the Insolvency Law, a possibility has been prescribed to prepare a LPP measure plan before initiating and proclamation of the LPP at the court, by the debtor reaching an agreement with the creditors – out-of-court LPP.

With the help of the World Bank, the Ministry of Justice in cooperation with the leading players of the public and private sector in Latvia has developed guidelines “Out-of-Court Debt Restructuring in Latvia” with the aim to promote the use of informal debt restructuring methods along with the existing formal insolvency procedures. These guidelines were approved in the meeting of the Insolvency Issues Consultative Council on August 6, 2009.

With Latvia continuing its cooperation with the international partners (World Bank and IMF), as well as observing the improvement of the insolvency process mentioned in the *Action Plan on Improvement of the Business Environment for 2009*, the Ministry of Justice, in close cooperation with the main players of the public and private sector, is currently developing new amendments to the Insolvency Law, which are planned to be submitted in the Cabinet of Ministers by October 1, 2009. With these amendments it is planned: (1) to make LPP more flexible and to exclude the solutions (settlement and recovery) provided for in the present edition of the Insolvency Law; (2) to make the insolvency procedures more accessible; (3) to effectuate the procedure for property selling in case of bankruptcy; (4) to increase the efficiency of the insolvency process administrators; (5) to accelerate the liquidation procedures. The submission of the amendments to the Saeima is planned for October 31, 2009, while the adoption of the amendments in the Saeima is planned for the beginning of 2010.

On March 26, 2009, the Saeima approved proposals for the draft law “Amendments to the Law on Land Register”, which stipulates that the Land Register reviews an application for registration of a property within 10 days (before – 15 days). On June 12, 2009, the Saeima adopted a law “Amendments to the Law on the State and Local Government Land Ownership Rights and their Consolidation in the Land Registers” providing simplified requirements (reducing the number of documents to be submitted) for the registration of state and local government land for the first time. On August 18, 2009, the Cabinet of Ministers supported the draft law “Amendments to the Law on Real Estate Tax” prescribing that as of July 1, 2010, the land register officials by registering a real estate transaction, will verify the payment of the real estate tax using only the online data transmission (the client will not be required anymore to provide a notice about the payment of the real estate tax).

In order to facilitate starting and performing business activity, the existing administrative barriers and procedures are reviewed by eliminating and simplifying the requirements for the **issue of permits** accordingly, by issuing them for an indefinite time, as well as establishing an opportunity to arrange all the required procedures electronically. The *Plan of Measures for the Simplification of Administrative Procedures in the Field of Service Provision Related to the Directive 2006/123/EC of the European Parliament and of the Council on Services in the Internal Market* approved by the Cabinet of Ministers on April 14, 2009, prescribes developing amendments by the end of the year to the existing legislative acts for a reduction of administrative burden in the field of services provision.

On March 30, 2009, the Cabinet of Ministers adopted a *Concept on the Establishment of a One-Stop-Shop in Compliance with the Provisions of Directive 2006/123/EC of the European Parliament and of the Council of December 12, 2006 on Services in the Internal Market* allowing service providers to arrange administrative procedures remotely using electronic means, as well as facilitating availability of information on the state requirements and procedures not only for service providers, but also for the recipients of services.

In the 2nd half of 2008 and in 2009, amendments have been developed and/or implemented in normative acts, that:

- reduce the expenditures of the entrepreneurs for employment, e.g., employer’s payment of sickness benefit to employees has been reduced from 14 to 10 days;
- reduce the number of procedures, the necessary time and costs for putting construction into operation, changes are provided in the regulations excluding the requirement for a cadastral survey implemented by the Regional Department of the State Land Service;
- reduce the number of technical and special regulations necessary for starting construction projection; criteria have been set prescribing the situations, when the technical and special regulations have to be received;

The amendments to the Competition Law adopted and enforced on October 1, 2008 are one of the main **competition supervision strengthening** measures. In accordance with the amendments, the Competition Council has wider opportunities to turn against the cartel agreements and abuse of dominant position, including the abuse of market power in the retail sector by restricting the opportunity of retail sellers in relations with suppliers to apply certain unfair and unjustified payments, unjustifiably long payment terms and certain sanctions.

In order to ensure centralised, systematically reviewable public utilities regulation in all regulatory sectors, the Public Utilities Commission will take over the regulatory functions from the local government regulators or local government councils in the respective regulatory fields by November 1, 2009.

Fostering the access of businesses to finance (see Section 2.4.1 of Annex 1)

In the current crisis situation, support measures improving access of businesses to finance are crucially important.

The *Action Plan on the Implementation of the Economic Stabilization and Growth Revival Programme of Latvia* includes also several support measures for entrepreneurship prescribing over LVL 675 million in this regard. The support measures for entrepreneurship include various financial instruments – loan instruments, guarantees of the Latvian Guarantee Agency (hereinafter – LGA) and export credit guarantees, state guarantees, as well as risk capital support programme and the EIF loans to credit institutions.

Guarantees and loans are the biggest financial instrument group facilitating access of businesses to finance for development of business activities and for implementation of EU projects, by receiving loans in situations, when the guarantee at the disposal of the enterprise is not sufficient to attract credit resources in

the necessary amount and when the banks evaluate the enterprise as too risky. The financing of the programme “*Loans for the Improvement of Enterprise Competitiveness*” is LVL 210 million (from which LVL 40.3 million is ERDF financing), which are granted by the Mortgage and Land Bank of Latvia (hereinafter – MBL). As of August 20, 2009, loans in the amount of LVL 11.4 million have been granted from which LVL 9.1 million are investment loans. The available financing of the programme “*Guarantees for the Improvement of Enterprise Competitiveness*” is LVL 40 million (from which LVL 36 million is ERDF financing), which ensures about 3 times (multiplier ~3) higher financing for the issue of guarantees (the amount of state guarantees is LVL 100 million). The LGA issues guarantees from April 2, 2009. Until August 2009, the LGA has received guarantee applications in the amount of LVL 64 million. Guarantees have been issued for LVL 13.6 million.

Besides, in the crisis situation, *state guarantees* are planned for projects, the guaranteed loan amount of which exceeds EUR 3 million.

In the framework of the *State support programme for risk capital*, access to finances is provided for rapidly growing SMEs in the early and growth phases. The programme’s financing is ~LVL 24 million (public financing). In the framework of the risk capital instrument, two financial mediators will be selected: one – the risk capital fund manager; second – seed and start-up fund manager. The selection of the risk capital financial mediators was launched in December 2008. On July 13, 2009, in the meeting of the EIF Council, it was decided to entrust the management of the risk capital fund to *BaltCap Management Latvia (BaltCap)*.

In the framework of the *European Investment Fund loan instrument*, the *Holding Fund*, using a tender procedure, will grant financing to credit institutions to co-finance loans granted to SMEs. The financing of this measure is LVL 36.5 million (the bank must finance at least 50% of the credit portfolio). Financing available to businesses is at least LVL 73 million. With the help of this loan instrument the crediting of the manufacturing sector will be particularly promoted. The selection of the financial mediator for high risk loan instrument has been launched in May 2009. Applications from 3 banks have been received and *due diligence* process is taking place. It is planned to announce the results of selection and decision in October 2009.

From 2008 until 2009, the Investment and Development Agency of Latvia (hereinafter – IDAL) has developed and implemented *Pre-seed financing support programme for authors of innovative ideas* in the amount of EUR 70 000 to support the formation of new knowledge-based enterprises. As a result, at least 16 new enterprises have been established. Several enterprises offer already new, patent protected products in the market and continue looking for investors for a more rapid growth of the enterprise. On September 10, 2009, the 2nd cycle of the *Pre-seed financing support programme for authors of innovative ideas* has been launched, for the implementation of which public financing is planned in the amount of EUR 70 000.

In addition to these financial support measures, there are also **support measures oriented towards micro, small and medium-sized enterprises** to foster entrepreneurship, restructuring and modernisation of enterprises. For example, in order to inform and encourage a maximum number of people to start business activities, raise prestige of business, as well as to foster understanding of the society about the role of innovations for promoting competitiveness, on December 22, 2008, the Cabinet of Ministers approved a state support programme “*Measures to encourage innovations and business start-ups*”, implementation of which started in June 2009. In the framework of this programme, measures are planned for the improvement of teaching personnel capacity, youngster motivation to start business, implementation of mentoring programme and exploration and popularisation of good practice examples.

By increasing the economic activity in the country, developing the beginners’ knowledge and skills in entrepreneurship, as well as providing them with financial support, on March 31, 2009, the regulations of the Cabinet of Ministers “*Support to Starting Self-Employment and Entrepreneurship*” were approved. The regulations stipulate a procedure according to which the ESF, state and the MBL financing in the amount of LVL 23 million is used for the support of business or self-employment starters. In the framework of the programme, support for starting business or self-employment may be received from August 21, 2009. It is foreseen, that consultations and training will be provided to 1200 programme participants, while financial support will be received by 600 business starters. In the framework of the programme, support is foreseen for business starters and newly established enterprises, by receiving consultations, training, financial loan up to LVL 54 thousand, grants of up to LVL 3.6 thousand for starting economic activities and grants of up to LVL 2 thousand to cover loans. In order to receive a loan for starting an economic activity, co-financing must be ensured for implementation of the business plan in the amount of at least 10% from the project amount prescribed in the business plan, which should not exceed LVL 60 thousand. The project’s implementation will continue in 2010, providing training and consultations to business starters and issuing loans and grants.

In order to promote establishment and development of new, viable and competitive enterprises in Latvia’s regions by providing them with the environment necessary for business, including infrastructure and

consultative services, *Business Incubators* are being established. The total financing is LVL 20.2 million, where the financing of ERDF constitutes LVL 17.2 million and state budget financing – LVL 3 million. As of August 31, 2009, 6 contracts were concluded with service providers regarding the provision of business incubation services to SMEs in Latvia's regions. In the framework of the programme it is projected to provide support to the establishment of more than 1500 new enterprises within five years in the whole territory of Latvia.

To promote development of entrepreneurship in the territories requiring special assistance, thus reducing the unfavourable differences among regions and regional territories, as well as fostering a balanced development of the country, the implementation of the activity "*Support to the Investment in Micro and Small and Medium-Sized Enterprises in the territories requiring special assistance*" is being implemented. Support is granted to the enterprise's initial investments in fixed assets, as well as for intangible investments. During the first two selection procedures, 92 contracts have been concluded for LVL 4.9 million. The admission of project applications will continue until the end of 2009. The financing in the amount of LVL 3 million is available every month.

Stimulating exports of goods and services (see Section 2.4.1 of Annex 1)

The priority of the government is to stimulate exports of goods and services and to provide support to tradable sectors in order to ensure balanced growth in the future determining the increase of exports, but not the increase of domestic demand, as the main growth stimulus.

In order to provide the entrepreneurs of Latvia with financial instruments necessary for stimulating exports, the LGA for a period up to two years grants *short-term export credit guarantees* to the entrepreneurs for export transaction risks. The guarantor guarantees compensation in case of non-payment by a foreign debtor or in case of its insolvency. The guarantee covers up to 90% from the deal value, but for each transaction the amount may not exceed EUR 1 million equivalent to the Latvian lats according to the exchange rate of the Bank of Latvia on the day, when the guarantee is granted. As of June 2009, the LGA has launched acceptance of applications. As of August 1, 2009, the LGA had received 35 applications from 15 enterprises to receive export credit guarantees. The total requested guarantee amount is LVL 8.5 million. At the moment, negotiations are held with the exporters regarding the signing of contracts.

In order to promote competitiveness of Latvian enterprises in the foreign markets, their professional capacity, to foster acquiring of new markets, as well as strengthening the existing ones, the activity "*Acquiring new markets – external marketing*" is being implemented. Support is granted to the enterprises for the participation in the international exhibitions, conferences and seminars, trade missions, foreign contact exchanges or direct visits; to associations and corporative associations for the participation in the international exhibitions and conferences (seminars) abroad; to conferences on export issues organised by associations. The support is also granted to the state or local government institutions, which are the financing beneficiaries in a partnership project, where other partners are enterprises, associations or corporative associations. The implementation of the state programme had been launched in December 2008. The total available financing at the moment is LVL 4.4 million. The available financing in 2010 will depend on the financing spent in 2009.

To foster exports, the support priority condition for the projects in the business support instruments is the ability to produce for exports or for the substitution of imports. For example, the activity "*High value added investments*" includes a criterion, which assesses the export indicators of the project applicant, which gives 20% of the total assessment. Thus, the enterprises exporting over 75% of their production can receive by 20% higher assessment than not exporting enterprises.

Improving and developing transport infrastructure (see Section 2.4.3 of Annex 1)

Transport infrastructure is one of the determinant factors of the business environment. The long-term goal of the transport development policy in Latvia is to create an efficient, secure, competitive, environmentally friendly, balanced, and multimodal transport system integrated in the European transport system, satisfying the economic and social needs of the state for domestic and international passenger and freight transport.

In order to ensure the improvements of the network of the state **motor roads**, to increase the road surfacing and the capacity of bridges in compliance with the EU requirements, in Latvia, the Law on Motor Roads provides gradual increase of the financing for the maintenance and reconstruction of state motor roads depending from the revenues in the state budget from excise tax on oil products (in 2007 – 65%, in 2008 – 70%, in 2009 – 75%). The financing is also increased for the maintenance and development of the state's 2nd

category motor roads to promote development of the regions. Unfortunately, in 2009, due to the financial crisis, this budget programming scheme was not used anymore and financing available in 2009 corresponds with the general abilities of the budget which, in reality, is by 40% less than in 2008.

Improving the quality of the motor roads and their development is also a precondition for increased traffic safety along with administrative measures, in order to fulfil the reduction in the number of road deaths by 50% as required by the *Verona Declaration* until 2010 in comparison with 2001. In this respect, in 2008, a significant improvement has been achieved as the number of road deaths was by 43% lower than in 2001.

A particular attention has been paid to the quality improvement and development of the international transport corridor including *Via Baltica* and East-West motor road corridors, as well as East-West rail road corridor and the development and increase of competitiveness of the ports' infrastructure. The financing of the Cohesion fund (hereinafter – CF) and ERDF is used for these purposes. The support of the European Transport Network (TEN-T) is also being successfully attracted.

To improve the safety level of the transit corridor in compliance with the EU requirements, the implementation of several **rail road** development projects is being continued, by absorbing the CF and also state budget resources. In the programming period of 2007–2013, for the improvements of railroad infrastructure East-West corridor capacity increase projects are planned. In 2009, the implementation of the CF financed railroad projects, which have been launched in the previous years, is being continued.

The **ports** are also being developed. Using the CF financing, the reconstruction of access roads in Liepaja and Ventspils ports is being implemented. In the period of 2007–2013, with the support of CF, it is foreseen to implement infrastructure improvements in Riga, Liepaja and Ventspils ports, while with the co-financing of the ERDF the infrastructure of small ports will be improved.

As concerns aviation, in 2008, the construction works on runway extension and lighting system reconstruction were completed at the International Airport “Riga”. By attracting CF co-financing, in 2009–2013, it is planned to continue the infrastructure development of the **airport** “Riga”. A number of agreements on air traffic with third countries has been concluded ensuring the expansion of flight routes from Riga. In 2009, the airport “Riga” provided 61 international flight routes. In the crisis situation, the airport “Riga” is the only European airport that in 2009 had a significant increase in the number of passengers.

Administrative territorial reform (see Section 2.4.4 of Annex 1)

On December 18, 2008, the Saeima adopted the Law on Administrative Territories and Populated Areas, according to which there are 109 regional local governments and 9 republican cities in Latvia that have successfully started their work as from July 1, 2009. The local government elections took place in June 2009 and were implemented in the local governments of the region and republican city administrative territories as provided for in the Law on Administrative Territories and Populated Areas, thus completing the local government administrative territorial reform.

The Cabinet of Ministers has supported the draft laws “Amendments to the Regional Development Law” and “Amendments to the Law on Administrative Territories and Populated Areas” planning to delete rules on formation of districts, which were submitted to the Saeima on July 2, 2009. The abovementioned draft laws foresee creation of preconditions to strengthen the regional planning institutions functionally, delegating them the competence of the direct administration institutions, as well as foreseeing determination of the administrative territory status for the planning regions. Thus, their functions, which are planned to be decentralised for planning regions, will be included in the draft law “Planning Region Law” (currently under development).

After July 1, 2009, the local governments of the area and city have successfully started their operations. The majority of local governments have developed and adopted statutes in the form of binding regulations for the local governments defining the local government structure and operational principles. Under the limited financing situation, the local governments have to define precisely the priority directions, as well as to establish an efficient and modern administration system providing qualitative services to the population in the whole territory of the area, including towns and rural municipalities. Therefore, currently in the local governments, restructuring and training of the existing employees, as well as, in certain cases, attraction of new employees in the information technology, communication, planning, legal issues and other fields is being implemented.

Efficient, secure and sustainable energy supply (see Sections 1.5.2, 2.4.5 and 2.4.6 of Annex 1)

Latvia, by supporting the decision of the European Council, has set as a priority the task of **efficient, secure and sustainable energy supply**, where the main current aims are to liberalise the electricity and natural gas market and to develop the electricity network interconnections of the Baltic States, the Nordic countries and Central Europe. Estonia, Latvia and Lithuania, excluding *Estlink* energy transmission line between Estonia and Finland, are still isolated from other wider EU energy networks.

On April 27, 2009, the prime ministers of the Baltic States signed a declaration on establishment of the Baltic market and reached an agreement on the establishment guidelines for a Baltic–Swedish interconnection. The declaration provides that the interconnection on the Baltic States’ side will start in Lithuania, and Swedish, Lithuanian and Latvian energy companies may participate in the interconnection on equal terms. The declaration also prescribes the principles for EU funds’ distribution, foreseeing to use a part of this financing also for strengthening the Latvian Western Region transmission network (Kurzeme circle). In July 2009, the JSC “Latvenergo” prepared and submitted project applications to the European Commission’s DG Energy and Transport to receive financing granted in the framework of the European Economic Recovery Plan for development of the Baltic–Swedish interconnection (*NordBalt*) and for strengthening the Latvian Western Region transmission network (Kurzeme circle). A joint application has been submitted by Latvian, Lithuanian and Swedish energy companies for establishment of the Baltic–Swedish interconnection.

Another potential energy system asynchronous connection between the Baltic States and Western Europe could be created by implementing the Lithuania–Poland electricity transmission system connection project (*PowerBridge*). Several studies have been performed with respect to the merging of the Lithuanian and Polish energy systems, however, concrete works have not been started yet.

Taking into account the policy implemented by the EU in combating climate change, as well as the topical issue of energy supply for Latvia, sustainable use of energy resources is one of the country’s priorities. Support to measures aimed at increasing energy efficiency, as well as for the use of cogeneration and renewable energy resources and promotion of environmental technologies is important. A new procedure has been introduced for the mandatory purchase of electricity from cogeneration stations and for the determination of its purchasing price, as well as for the mandatory purchase of electricity produced from renewable energy resources and for determination of its price.

One of the main energy policy tasks in the 2nd half of 2009 and in 2010 is transposition of the Third Internal Energy Market Legislative Package directed to promotion of investments in energy infrastructure, especially cross-border infrastructure, in the Latvian legislation.

The aim of the country’s **renewable energy resources** policy is to promote their use taking into account the environment and achieving reduced CO₂ levels. One of the policy tasks is also to foster the use of biomass in cogeneration stations. By forming one third of the primary energy resources balance of Latvia, the renewable energy resources most used in Latvia are wood and hydro-resources. Wind energy and biogas is used significantly less. Solar energy is currently used in very small amounts and in the form of pilot projects. The contribution of renewable energy resources in electricity production is considerable. In 2008, 60% of electricity produced in Latvia was obtained using renewable energy resources. 96% of this “green energy” was produced in 3 large hydroelectric power stations, while the rest was produced in the small hydroelectric power stations, wind power stations, as well as stations using biomass and biogas.

During 2008–2009, the *Environmental Policy Integration Programme in Latvia* was implemented using the EEA financial instrument via two open tenders for subproject applications (see Section 2.4.6 of Annex 1). In the framework of the tender, 10 projects have been approved, two of which foresee pilot projects, where energy is produced from renewable energy resources that are not widely used in Latvia.

By promoting energy saving and efficient use of energy in buildings and heating systems, the *Apartment House Renovation Programme* has been developed. For **energy efficiency measures** in the housing fund, the EU structural funds financing has also been attracted, and the heating system reconstruction projects are implemented with the support of EU Cohesion fund.

The goal of the activity “*Measures for increased efficiency of the centralised heating system*” is to increase significantly the heat production efficiency, reduce heat loss in transmission and distribution systems, as well as to promote replacement of fossil fuels with renewable and other types of fuels. Financing beneficiaries are the providers of public utilities – commercial entities licensed to produce, transmit and distribute heat if this is stipulated in the normative acts regarding energy.

Since January 1, 2005, a regional **emission trading system** is operating in the EU Member States. All the basic elements of the system are implemented in Latvia. According to the Climate change financial instrument (CCFI) created in 2007, in 2008, negotiations regarding the sale of emissions in the amount granted to Latvia were initiated and successfully continued in 2009 resulting in conclusion of several international contracts on sale of a certain amount (in total, 5 million of the defined units as of May 28, 2009). Distribution of the received financing is determined by the Cabinet of Ministers, and currently assessment of the project applications is taking place, foreseeing distribution of the financial resources for increase of energy efficiency of buildings, technology transition from fossil to renewable energy resources and development of technologies aimed at reducing greenhouse gas emissions.

To combat climate change and to reduce the negative impact, in 2008–2009, the linking of the *Greenhouse Gas Register* with the *International Emission Trading Registry* was implemented to ensure the transactions for Latvia's participation in the international emission trade as defined in the Kyoto Protocol.

Ensuring sustainability of resources (see Section 2.4.6 of Annex 1)

A big attention in Latvia is paid to the **protection of natural resources and biodiversity**. The relatively virgin nature is often referred to as the most important Latvia's resource and its symbol attracting tourists from all over the world, and the main least affected natural resources are located in the special areas of conservation.

One of the development directions is improvement of the environment and rural landscape, which also included the protection measures for biodiversity and agricultural, fisheries and forestry system and water resources with ecological value. Agriculture and forestry has a great impact on the environment, therefore support is necessary for the use of environmentally friendly production methods. This is implemented using the investment support measures, e.g. farm modernisation. In the framework of the measures, in 2008, 1888 applications with public financing of LVL 47.9 million were approved and, in the 1st half of 2009, 561 applications with public financing of LVL 18 million were approved.

In order to ensure a qualitative living environment by decreasing environmental pollution and eutrophication of reservoirs thus promoting rational use of water resources and energy resources, the development of water management infrastructure in agglomerations with population exceeding 2000 people, in the framework of the planning periods of 2004–2006 and 2007–2013, is implemented via water management infrastructure projects – reconstruction and expansion of sewerage networks, building and reconstruction of sewage treatment plants, building and reconstruction of drinkable water iron removal plants, expansion of water supply networks and sewerage networks (see Section 2.4.6 of Annex 1).

In order to create a sustainable waste management system, in 2008, municipal waste polygons were built including a polygon for hazardous waste. With the support of CF, the recovery of waste dumps have been implemented, waste separation and collection points have been established, containers for waste separation have been set up, and a waste composting field has been created.

Due to natural overgrowing of lands other than forest lands and due to targeted **afforestation**, in Latvia, the total amount of woodland increases every year. In 2007, the attraction of land use, land use change, and forestry comprises emissions in the amount of 32 018.9 Gg CO₂ equivalent³. The forecasts show, that by 2020 there could be approximately 580 000 ha of uncultivated, overgrown lands therefore bigger attention is paid to the land use, to increase the productivity of forest stands and to the afforestation of the unused lands.

To improve the **environmental protection infrastructure**, in 2008–2010 it is planned:

- to continue development of the water management infrastructure in agglomerations with population exceeding 2000 people (the project implementation will continue in 48 agglomerations and the project application selection will be launched for the 2nd project application selection round – 30 agglomerations) and in populated areas with population up to 2000 people (if the redistribution of financing will be possible, civil contracts or agreements on project implementation in 71 populated areas will be concluded, as well as the project application selection will be launched for the 2nd project application selection round);

³ This figure has been calculated using another methodology, thus it cannot be compared with the amount of 2006.

- to continue development of the regional waste management system (it is planned to launch the construction of the last municipal waste management polygon in Latvia and to start creation of the polygon support infrastructure in one waste management region, as well as the project application selection will be launched for the 2nd project application selection round);
- to implement recovery of the dumps incompliant with the legislative requirements (agreements have been concluded on recovery of 27 dumps incompliant with the legislative requirements, where the recovery is planned to be completed within two years, as well as the project application selection will be launched for the 2nd project application selection round);
- to develop separate waste management systems (after the decision's adoption by the European Commission regarding the compliance of the state support programme (draft regulations) with the Treaty Establishing the European Community, the 1st project application selection round will be launched).

The *National Lisbon Programme of Latvia* takes into account the EU approach regarding the necessity to separate the economic growth from the use of resources to ensure that the economic and social progress is not achieved at the expense of excessive use of natural resources and deteriorated environmental quality, therefore the measures of the National Lisbon Programme of Latvia are aimed to ensure sustainability of resources.

5. Employment Policy

5.1. Fostering Employment

The main tasks to foster employment for 2008–2010 are as follows:

- to promote inclusive labour market;
- to promote social dialogue and introduce *flexicurity* principles, as well as safe work environment, which is harmless for health;
- to foster regional mobility of labour and economic activities in the least developed regions;
- to reduce undeclared employment.

The Spring European Council of 2009 recommends Latvia within an integrated flexicurity approach, to intensify efforts to increase labour supply and productivity by: reinforcing activation measures; and by enhancing the responsiveness of education and training systems to labour market needs, including the implementation of a coherent lifelong learning strategy.

With the decrease of economic activities, since the last quarter of 2008, unemployment increased rapidly reaching 9.9%. In 2009, the unemployment level continued to grow. In the 2nd quarter of 2009, it has reached 16.7%.

At the end of 2008, the State Employment Agency (hereinafter – SEA) had registered 76.4 thousand unemployed persons, while as of October 5, 2009, the number of unemployed persons was already almost 148.6 thousand or 13.3% from all economically active persons. In the group of unemployed persons up to 25 years old, the higher proportion constitute persons with secondary education, while in the group of persons aged 26–30 years – with higher education. In the group of preretirement age, the higher proportion constitute persons with professional education. This indicates to the necessity to expand significantly the active labour market policy measures and to modify them in accordance with the labour market trends. Latvia will continue developing active and preventive measures to decrease unemployment, which shall include both, training and support to the unemployed in the form of starting self-employment and entrepreneurship, by developing cooperation with social partners, as well as by developing new types of support, e.g. by ensuring the opportunity for the unemployed to continue the training in case if the new employment relations are started.

As a result of restructuring, the total EU structural funds' financing to the welfare sector has been increased by LVL 34 million, including LVL 9.97 million for training of persons exposed to the unemployment risk, thus involving 11 thousand persons. For the implementation of local measures to foster employment LVL 24 million have been granted, thus involving up to 50 thousand persons.

The financing for 2009, which is necessary to organise training has been almost doubled (from LVL 5.7 million to LVL 10.3 million), increasing accordingly the number of persons participating in training.

Taking into account the socio-economic situation and potential deepening of the economic crisis, the work is being done on the development of three new measures co-financed by the EU funds:

- emergency employment programme (public works) – labour market programme developed in compliance with the recommendations of the World Bank and example of other countries in the world in similar situations. As of September 2009, the crisis employment measure has been launched for unemployed persons, who are not receiving the unemployment benefit anymore. These persons receive a monthly stipend of LVL 100 for public works. An unemployed person is ensured with a foreman, necessary equipment, as well as covered transport costs. The measure will be implemented in two stages: in 2009, with the financing of LVL 8 million it is planned to involve 17 500 persons, and in 2010, with the financing of LVL 15.9 million it is planned to involve 32 500 persons;

- support to the potential unemployed persons – offering training opportunities and ensuring stipend to persons employed in enterprises that due to the economic crisis are in a temporary work stoppage. In 2009, launching the measure in September, it is planned to involve 2000 persons. In total, it is planned to involve at least 11 000 persons;
- adjusted professional education programmes for unemployed. The measure is directed towards unemployed persons, who already have higher education, but who wish to acquire professional qualification by using the training coupon method. The unemployed person may freely choose the training programme and the education institution. It is planned to launch the measure in 2010.

Promoting an inclusive labour market (see Section 3.1, 3.2 and 3.3 of Annex 1)

The main planned task for 2009–2010 for promoting and supporting integration to the labour market is to establish and diversify active employment and unemployment reduction preventive measures:

- providing professional training and retraining of unemployed persons;
- increasing competitiveness (this includes defining the professional suitability, acquiring job search methods, psychological support and lessons for obtaining basic skills necessary for labour market, as well as other lessons, which promote the return of the unemployed and job seekers to the labour market; this also includes informal education);
- ensuring training at the employer and providing work trials (this includes the renewal of work skills and professionals skills working for the employer, which lasts no more than three months, as well as acquiring new profession, which does not exceed six months);
- establishing subsidized work positions for the disabled and other social exclusion risk groups;
- establishing a complex support programme aimed at providing for disabled persons the opportunity to improve and acquire skills necessary for employment;
- promoting regional mobility – the aim is to promote regional mobility of the employed persons, who have chosen a workplace outside the administrative territory of their declared place of residence and who have to spend more than one hour on the road in one direction;
- for the employed persons exposed to unemployment risk (potentially unemployed) by assessing the skills of the person and by providing recommendations for the choice of a career and training.

In order to strengthen the administrative capacity of the institutions responsible for promotion of employment and reduction of unemployment by establishing modern and customer-oriented institutions, during 2009 and 2010, it is planned to train 200 employees of labour market institutions per year implementing the state policy concerning support to unemployed persons and job seekers in the field of career development support system.

The SEA is the implementing authority of the state policy in the field of unemployment reduction and support to job seekers. The co-financing of the ESF during the previous years has allowed to expand both, the choice of active employment measures and the number of unemployed persons participating in the measures. In 2003, 54.6 thousand unemployed persons participated in these measures, in 2005 – 179.6 thousand, in 2006 – 166.4 thousand, in 2007 – 72.7 thousand, in 2008 – 84.7 thousand, and in the 1st half of 2009 – 30.9 thousand unemployed persons (it should be noted that one unemployed person may participate in several activities).

Along with the active employment measures, the SEA implements preventive unemployment reduction measures amongst which the most significant is the career consultations measure to help clients to better realise their professional direction.

In 2008, the career consultations were provided to 67.9 thousand persons, including 39.1 thousand unemployed persons and job seekers, as well as 28.8 thousand other persons exposed to the unemployment risk; in the 1st half of 2009, 35.5 thousand persons received consultations, including 27.5 thousand unemployed persons and job seekers and 8.1 thousand other persons. In 2008, 258 e-consultations have been provided electronically; in the 1st half of 2009, 214 e-consultations have been provided. New career services methodologies are being developed and the existing ones are being improved. Every year, surveys are organised with the participation of graduating pupils and research is carried out regarding future plans, issues and needs concerning the choice of profession, services and the e-service provision is being improved.

In the context of the future labour market requirements, it is essential to identify the relevant training fields, taking into account both, the comparative advantages of Latvia's economy and the issues concerning ageing of the society and the necessity for an improved public infrastructure. However, it should be noted that in the present labour market conditions, it is impossible to ensure a high share of persons hired immediately after completing the training.

Therefore, the desire, motivation and readiness of the unemployed person to participate in the training programmes is considered to be the most important, and it is planned to implement the training coupon system not only to support the unemployed with the already acquired higher education, but to offer it to all the unemployed persons gradually.

To improve the opportunities **to promote reconciliation between work and family life** and to foster development of alternative care services for children in the preschool and primary school age, financial support is being provided for the establishment of children play and development centres for preschool age children and day centres for primary school age children in the municipalities. In total, since 2004, 48 such alternative centres to the preschool education institutions have been established.

In order to promote reconciliation between work and family life, the following activities will be implemented with the co-financing of the EU funds:

- development of preschool education institutions' infrastructure in the national and regional level development centres. It is planned to build 5 new preschool education institutions, as well as to reconstruct, renovate or improve 39 existing preschool education institutions. In the 1st half of 2009, during the 1st and 2nd selection round, 27 projects in total were approved for the total amount of LVL 35.4 million;
- support the development of accessibility to alternative care services. It is planned to promote the accessibility of alternative care services by supporting renovation or reconstruction of the building or its parts belonging to an alternative care service provider thus ensuring accessibility of the environment for persons with functional disorders, as well as modernization of equipment necessary for the provision of alternative care services. 16 projects have been approved with the total costs of LVL 2.3 million. During the implementation of these projects, leisure centres for children, day care centres for disabled persons and crisis centres will be established, reconstructed and equipped.

Since Latvia became the EU Member State, the **migration of population** has increased. Emigration is fostered by the so-called "open door effect", i.e., the labour market is freely available for Latvian citizens in other EU Member States. The main reasons for emigration are differences between wages, working conditions and social services in Latvia and other EU Member States. According to different sources, the inhabitants of Latvia have mainly emigrated in search of jobs to such EU Member States as Ireland, Great Britain and Germany.

In the present crisis conditions and due to growing unemployment, emigration is rapidly increasing. There is a possibility that the emigration of Latvian population may increase also to the third countries, if the economic recovery of these countries starts faster and more rapidly.

As regards the integration of the third country nationals, in the framework of the "*Multianual programme under the European Fund for the Integration of Third-country nationals (2007–2013)*", it is planned in 2010 to launch measures promoting the employment of repatriates – third country nationals. In total, EUR 95 thousand are planned for the implementation of this activity.

Changes in the labour market for a timely balancing of the labour market demand and supply create necessity to develop a **labour market forecasting system**. The Ministry of Economics is responsible for coordination of medium and long-term labour market forecasting in the country. The ministry also works out labour market development scenarios, as well as medium and long-term forecasts. Under the Ministry of Economics, the Advisory Council of the Labour Market Forecasting is operating, which comprises representatives from the involved institutions and social partners. The task of the Council is to ensure interinstitutional cooperation by assessing the prepared forecasts and seeking solutions for further action.

In order to analyse the situation in the labour market operatively and provide short-term forecasts regarding labour sufficiency, the SEA carries out employer surveys twice a year. According to the demand from the employers, training, retraining and improvement of professional skills of the unemployed persons, as well as other active employment measures are organised.

In 2009, medium-term labour market forecasts have been developed (until 2015), taking into consideration the global financial crisis and its impact on Latvia. These forecasts are based on 3 economic development scenarios – basis scenario with the highest probability, rapid development scenario and slow development scenario. The forecasts are broken down by 15 sectors of the economy and by 35 aggregated groups of professions. The obtained results reflect the situation, which may develop in the labour market, if

no changes are provided to the structure of the education system. It is expected that the situation in the labour market in the medium-term until 2015 will be determined by the following tendencies:

- negative impact of recession on labour demand and the slow changes in the post-crisis period;
- unfavourable demographic development;
- decrease of economic activity of the population.

The forecasts emphasize several aspects in the future labour market, which should be taken into account by implementing corrections in the education, social and employment policies.

In 2009 and 2010, significant contraction of labour market demand is expected, which will lead to a sharp increase of unemployment, and in 2009, the unemployment rate may reach 15–16%.

Moreover, it should be taken into account, that the future growth will be mainly based on the increase of productivity and less on the increase of employment, which will be caused by high competition in the goods and services markets.

The demand will in general decline evenly in all groups of professions, the supply will decrease unevenly leading to significant mismatch of labour demand and supply in certain groups of professions. The share of highly qualified unemployed persons will increase.

In order to reduce the negative crisis consequences in the labour market, the main challenges in the short-term are to prevent further decrease of employment, to reduce social tension in the society caused by the unemployment and decreased income, while the medium-term challenges are to ensure the balanced growth of wages and labour productivity, as well as to focus on the improvement of labour supply:

- by improving the quality of educational system, as well as by improving the competencies and skills of the population;
- by ensuring close cooperation of education institutions and employers;
- by improving the attractiveness of secondary professional education and by ensuring an optimal distribution of pupils among general secondary and secondary professional education;
- by promoting the professional mobility of the employed, including the improvement of life-long learning.

Promoting social dialogue and introducing flexicurity principles, as well as safe work environment, which is harmless for health (see Section 3.3 and 3.4.1 of Annex 1)

Due to the increasing economic globalisation, rapid development of technologies and negative demographic processes, more attention in the European employment strategy is paid to the issues of **labour market flexibility and employment security or flexicurity**. Already in March 2006, the European Council invited the EU Member States to pay more attention to the introduction of reforms in the labour market and social security policies. These issues have become particularly important in the existing conditions of the economic crisis.

Flexicurity comprises 4 fields of activity, which must promote labour market flexibility and employment security by mutual interaction. It is necessary to achieve that the labour legislation and agreements are sufficiently flexible and correspond to the interests of both, the employers and the employees. In the case of necessity, the active labour market policy must efficiently facilitate the transfer from one work place to another or from the status of an unemployed person to employment. Life-long learning systems must be improved. At the same time, a modern social security system must be established, which would provide adequate assistance to the population in case of unemployment, as well as facilitate mobility and faster return to the labour market.

In order to promote the implementation of the flexicurity principle in Latvia, on May 15, 2009, the Saeima adopted amendments to the *Labour Law*, which are also related to the flexibility and security in the context of employment relations. Work on further amendments in cooperation with the social partners and the State Labour Inspectorate will continue also in the 2nd half of 2009 and in 2010.

Taking into account the rapidly growing number of unemployed persons, in 2009, changes have been implemented in the unemployment insurance – the period of qualification for granting of unemployment benefit has been reduced from 12 to 9 months and the unemployment benefit payment period has been prolonged, by determining that this period for all unemployed persons (irrespective of the insurance duration) is 9 months.

The **social dialogue** plays an important role in the implementation of the flexicurity principles. Several measures have been implemented in the recent years for the improvement of the social dialogue both, on the national and regional level. With the help of the ESF financing, the institutions involved in the employment

partnership, including the Employers' Confederation of Latvia and the Free Trade Union Confederation of Latvia, as well as the capacities of Latvian local governments and Latvian Association of Local and Regional Governments have been strengthened in order to ensure the development of employment partnership and social dialogue on the local and regional government level.

To involve non-governmental organisations representing disabled persons in all stages of decision-making, in 2008, a new type of cooperation was launched with non-governmental organisations representing persons with disabilities. These organisations were provided the opportunity, via the National Council for the Disabled, to participate in the decision making at the highest national political level, thus ensuring an equal opportunity and the inclusion of important proposals in these decisions and their further implementation.

The State Labour Inspectorate is also participating in the improvement of the social dialogue with the aim of promoting better awareness and understanding of employers, employees and the society about labour, labour security and occupational health. Therefore, regular informative workshops are organised in the cities of Latvia, as well as an informative edition of "*News on Labour Protection*" is ensured, society awareness campaigns are implemented on labour security issues, etc.

Also in 2009 and 2010, it is planned to implement different measures for the promotion of the social dialogue and strengthening the administrative capacity of social partners by attracting financing from the EU structural funds. The main goal of these measures is to increase the participation opportunities of social partners in the development and implementation of the action policy, ensure active and qualitative participation of the non-governmental sector in the decision-making process and provision of public services, as well as facilitate quality improvement of the public services provided by the non-governmental organisations.

One of the tasks of the government is to provide conditions for **safe and healthy work environment**. *Labour Protection Development Guidelines for 2008–2013* were approved in 2008. The guidelines define the main development directions and measures to be implemented for the labour protection system of Latvia to ensure a successful practical implementation of legislative regulations with regard to labour protection and to reach the goal of ensuring a safe and healthy work environment for all employed persons. The guidelines set target for reduction of the number of fatal accidents at work in Latvia by 30% (per 100 000 employed persons). The *Labour protection development programme for 2008–2010* has been developed to achieve the goals set in the guidelines, as well as to solve the identified problems.

In 2008, the number of fatal accidents per 100 000 employed persons decreased by 23%, which is a positive trend continuing also in the 1st half of 2009.

The State Labour Inspectorate is a national supervisory and control institution, which has the function to implement the state supervision and control in the field of employment relations and labour protection. In 2008, several measures were carried out to strengthen the capacity of the State Labour Inspectorate – a new Law on the State Labour Inspectorate has been adopted, as well as the necessary changes have been implemented in the respective normative acts facilitating the work of the inspectorate and optimising its functions. Also, the legislative requirements have been clarified and supplemented in the field of labour protection ensuring a clearer regulation and reducing the administrative burden on enterprises. The development of the labour protection practice standards was launched. These will be explanatory documents of the labour protection in certain sectors.

In the 1st half of 2009, the Cabinet of Ministers adopted new regulations providing better regularity of health checks, as well as regulations on the labour protection requirements at work places. In the nearest future it is planned to introduce a new, simpler procedure for investigation and registration of accidents at work, as well as to implement changes in several normative acts concerning the labour protection, including the Labour Protection Law, thus decreasing the administrative burden and clarifying the labour protection requirements.

The social partners are actively participating in the promotion of employment relations and the practical implementation of legislative requirements on labour security, thus decreasing the number of employment relations' violations and accidents, as well as in the building of socially responsible entrepreneurship, thus decreasing illegal employment. By attracting the EU fund financing, social partners (the Employers' Confederation of Latvia and the Free Trade Union Confederation of Latvia) have established consultation centres to provide information and consultations to both, the employers and employees on employment relations and labour protection. Consultations have also been launched with respect to employment dispute settlement. In the 1st half of 2009, training of employers has been launched on labour protection issues, as well as assessment of work environment risks at work places, which will continue until 2013, in total assessing 100 000 work places (at least 20 000 work places per year). The update of the

employers' handbook on labour protection requirements has been started. A strategy for the provision of information on issues regarding the employment rights and labour protection to the society has been developed. The Good Practice competition for employers in the field of employment rights and labour protection has been completed, as well as a conference was organised and dedicated to the International Labour Protection Day – both these events are planned to take place every year.

In order to improve the institutional system of labour protection and the development of the policy, it is planned to involve a scientific institution, which would perform individual tasks in relation with the assessment of the situation, raising awareness of the society, training in the field of labour protection, etc.

Fostering regional mobility of labour and economic activities in the least developed regions

(see Section 3.4.3 of Annex 1)

In order to reduce the negative socio-economic regional differences with regard to employment, the Programme emphasizes the necessity to devote more attention and resources to the business start-up measures and promotion of geographical mobility in the economically weak or less favourable regions.

In the 3rd quarter of 2008, the SEA launched a measure *"Fostering the Regional Mobility of Employed Persons"* with the aim of promoting regional mobility of employees, who have chosen a workplace outside the administrative territory of their declared place of residence, if the location of the work place does not comply with accessibility criterion defined in the Law on the Support to the Unemployed and Job Seekers, i.e., they have to spend more than one hour on the road in one direction. However, due to the decrease of the number of free vacancies, the planned measure was not widely promoted and used. In 2008, 18 persons employed by enterprises from 8 regions of the country participated in the measure.

In February 2009, by attracting the EU structural funds financing, the activity *"Support to the Investment in Micro and Small and Medium-Sized Enterprises in the territories requiring special assistance"* was approved, promoting the development of business activity **in the territories requiring special assistance**⁴. The total available financing of ERDF is LVL 21.2 million. The supported actions are investments in fixed assets and intangible investments. The maximum available support for one related project applicant group is LVL 150 thousand.

During 2008 and the 1st half of 2009, financing in the amount of LVL 671 thousand has been paid to SMEs in accordance with the concluded agreements on financing in the framework of the EU structural funds grant scheme *"Support to investments for the development of enterprises in the territories requiring special assistance"* and LVL 234 thousand in the framework of the national programme *"Development of entrepreneurship in the territories requiring special assistance"*.

In 2007, the *Programme for Promotion of Business Competitiveness and Innovations in 2007–2013* was adopted by the Cabinet of Ministers, where one of the main directions of action of its implementation action plan is the establishment of business incubators, development of new, sustainable and competitive enterprises and promotion of development of Latvian regions by providing them with infrastructure and advisory services. Financial support is allocated to the development of micro and small enterprises in the territories requiring special assistance (see Chapter 4.2 on entrepreneurship).

In order to increase the economic activity in the country, by developing the knowledge and skills of the business starters, as well as providing them with financial support, in August 2009, the implementation of the activity *"Support to Starting Self-Employment and Entrepreneurship"* was launched (see page 31).

The European Commission has approved the *"Rural Development Programme of Latvia for 2007–2013"*, determining the promotion of quality of rural life and economic diversification as one of the main goals by developing and diversifying business activity in rural areas and by improving the existing rural infrastructure in order to eliminate the economic and social recession, as well as the decrease of the number of rural population. To ensure the **diversification of the rural economy**, the implementation of the following support measures is planned in the programming period of 2007–2013:

- support to the establishment and development of enterprises;
- promotion of tourism activities;

⁴ A territory requiring special assistance (TRSA) is a region, in which negative economic and social development tendencies can be observed or one of these tendencies remain for a long term and which is granted the status of TRSA pursuant to the procedures prescribed by the Cabinet of Ministers. The purpose of granting the TRSA status is to provide opportunities for development of economically weak or less favourable territories, in order to promote development of equal social and economic conditions within the entire territory of the country. The TRSA status is awarded to an administrative territory managed by the local government for three years, and the number of population in the TRSA country may not exceed 25% of the total number of population in the country.

- basic services for the economy and population;
- preservation and renewal of rural heritage.

The “*Action programme for the implementation of the European Fisheries Fund support in Latvia for 2007–2013*”, approved by the European Commission, is directed towards the ensuring of the economic and social sustainability in the regions of the country, where entrepreneurship is related with fisheries and especially in the territories of Latvia depending on fisheries sector, by providing support to the improvement of infrastructure and human resources development. In 2007–2013, it is planned to provide investment support to the development of entrepreneurship related with fisheries, as well as support to villages, where fisheries operations are performed, for their renovation and development, as well as for the development of small scale infrastructure and services related to fisheries sector and tourism, and for the development of enterprises, the commercial activities of which are connected with fisheries, for the restructuring, reorientation of their economic activity and for the diversification of their activities.

Reducing undeclared employment (see Section 3.4.2 of Annex 1)

Latvia has a relatively high level of undeclared employment, especially in the sectors of construction, manufacturing, agriculture and transport services, thus reducing the social security benefits and hindering reduction of the tax burden on employment.

To reduce undeclared and illegal employment, the work is oriented towards three directions:

- increasing the administrative capacity of the competent institutions and improving control;
- improving the cooperation of supervisory institutions;
- informing the society and implementation of measures promoting legal culture.

In order to improve the situation and turn more efficiently against payment of “envelope” wages, as well as to reduce illegal employment in the construction sector, the competence of the **State Labour Inspectorate** has been extended granting its officials the right to perform inspections in the private construction sector. As of 2008, employee certificates for the employees working in the construction and forestry sector have been introduced that should significantly improve the control of employment relations in these sectors. The employee certificates decrease the opportunity for people to work illegally and ensure the supervising institutions with faster information on the status of employed persons.

The introduction of the higher administrative penalties in 2008 can be considered as an important legal support to the decrease of illegal employment, including for failure to conclude the work agreements in a written form. As a result, in comparison with 2007, in 2008 the amount of administrative penalties applied for legal employment violations increased by 73.4%, as for the failure to conclude work agreements in a written form or for repeated employment without a work agreement, the State Labour Inspectorate applied fines to the employers exceeding LVL 5000.

In total, in 2008, the State Labour Inspectorate applied 1571 (LVL 268 569) administrative fines for violations in the field of employment relations, which is by 5.7% more in comparison with 2007.

With the aim of reducing undeclared employment risk and unfair competition conditions, in April 2009, the Saeima has received proposals for amendments to the Public Procurement Law in relation with construction work. The proposals foresee that in order to assess the candidates or applicants with respect to substantial violations in the field of employment relations related to employing persons without concluding work agreements in a written form, the contracting authority obtains information from the State Labour Inspectorate whether the candidate or applicant has been fined for violations of employment relations related with employing persons without concluding work agreements in a written form and whether there is the respective normative act according to which the fine has been applied.

The Ministry of Welfare in cooperation with the State Labour Inspectorate is currently developing a new measure plan for 2010–2014 to decrease undeclared employment.

One of the priorities of the **State Revenue Service tax administration** is tax payers under the risk of partially calculated state mandatory social insurance contributions and personal income tax. Therefore, an active operation with tax payers under the risk that a part of the wages is paid in “envelopes” by performing both, preventive measure to motivate the tax payers to voluntarily prevent the potential violations in relation with payment of taxes provided for in the normative acts and repressive measures by applying fines provided for in the normative acts on taxes. Taking into account the high number of tax payers with which the State

Revenue Service should be working, as of the mid-2009 and throughout 2010, the focus will be on enterprises that have more than 25 employees. The smaller enterprises will be involved in explanatory work.

Timely and operative exchange of information may help the supervisory institutions to combat the undeclared employment. Normative acts currently in force provide mutual exchange of information among public administration institutions about identified violations. If a public administration institution, when carrying out its functions, discovers violations that are under the competence of the State Labour Inspectorate it informs the inspectorate accordingly. The State Labour Inspectorate, on the other hand, will inform other institutions, if it discovers violations, which are under their competence.

In order to improve combating the “envelope” wages and the undeclared employment and to ensure fast exchange of information regarding established illegal employment cases, currently cooperation agreements or interdepartmental agreements are being concluded with the State Labour Inspectorate and the State Revenue Service, the Office of Citizenship and Migration Affairs, the State Employment Agency and other institutions.

In order to ensure fast exchange of information with other public administration institutions, it is planned to establish the Integrated Information System of the State Labour Inspectorate with the help of the EU funds by 2012. It would comprise information on accidents at work, descriptions of hygiene conditions at work places, work places survey results and the examined applications. It is foreseen that the exchange of information among the State Labour Inspectorate and other institutions will mainly take place electronically.

With the support of the EU funds and the participation of social partners, the **measures for the implementation of preventive labour culture and society awareness** are organised and implemented regarding the issues of employment relations and labour protection (see page 40).

5.2. Improving Education and Skills

The main tasks for improving education and skills for 2008–2010 are as follows:

- improve availability of education at all levels and reduce the number of students, who do not complete studies or do not obtain a professional qualification;
- strengthen co-operation between public administration institutions, education institutions and employers in order to adjust the supply of the education system with the needs of the labour market;
- increase involvement of the population in lifelong learning, by ensuring supply and availability of adult education;
- raise the overall level of technological skills and natural science knowledge, improve the career education and career service system and ensure the availability of career counselling services for all inhabitants.

The Spring European Council of 2009 recommends Latvia to enhance the responsiveness of education and training systems to labour market needs, including the implementation of a coherent lifelong learning strategy.

The Programme sets the target to increase the share of the young persons (aged 20–24 years) with at least secondary education (education attainment level) to 85% by 2010. This indicator corresponds to the target indicator set by the EU for 2010. At present, Latvia already exceeds the respective EU average indicator – in 2008, it has reached 80% (in 2007 – 80.2%) in comparison with 78.5% in the EU on average.

Improving availability of education at all levels (see Section 3.5.2 of Annex 1)

Several measures are being implemented in order to ensure that all **children of compulsory education age would be enrolled** in the education system – currently, 95% of them on average are enrolled.

Special catch-up education programmes were implemented in the academic year 2005/2006, giving an opportunity for pupils, who graduated from the Form 9 with school report to get a certificate of primary education within one year. The number of pupils not acquiring primary education is decreasing. If in

2003/2004 academic year 9.5% of pupils did not get a certificate of primary education, then in 2007/2008 academic year it was only 3.7%.

To ensure the adequacy of education programme supply to the education standard and students' abilities, the programme models for primary pedagogical correction education have been reviewed, including minority education, as well as all programme models for general secondary education, on the basis of which the education institutions are developing new pedagogical correction education programmes.

The number of pupils with physical and mental disorders, who are integrated in comprehensive day-schools, has increased. All-round education institutions fully or partly adjusted technically for children with reduced mobility are being established with the support of local governments. The infrastructure and equipment of the special education institutions is being improved.

Cooperation of special education institutions with professional education institutions has improved in the recent years, work of professional classes in special schools for students with mental disorders has improved. In order to ensure that students with mental disorders would have an opportunity to acquire fundamentals of profession, professional classes are opened in 35 special education institutions, where young people can acquire simpler professions and prepare themselves for further acquisition of profession in professional education institutions, as well as specialized workshops have been established, which is one of the preconditions for the accreditation of an education institution, where the students with mental disorders have the opportunity to acquire the fundamentals of a profession.

In 2008, the Cabinet of Ministers *Regulations on the procedure of centralized examinations for accredited education programmes* were approved defining the availability of support measures to students with various special needs during centralized examinations, which may be used for every day work in the classroom and examinations. In order to provide equal opportunities for all students, support measures have been developed to be applied during centralized examinations for the young persons with special needs having received an opinion of the pedagogical medical commission on the implementation of an education programme appropriate for the health, abilities and development level of the student, which provides application of different timetables of the centralized examinations, increased font size of examination materials, use of additional materials during the examination, etc.

By 2013, with the help of EU structural funds, an education support system for children and young persons with special needs will be developed, supported by the higher education system, which will prepare appropriate teachers, and supported by the local governments, promoting the development of inclusive education.

In comparison with 2007, in 2008, enrolment of students for **obtaining education in penal institutions** has increased by 23%. In total, during the academic year of 2008/2009, 1002 imprisoned persons were participating in the formal education, which comprises 15% from the total number of imprisoned persons. In total, in the 1st half of 2009, from all the imprisoned persons 1120 imprisoned persons or 16% have been involved in education programmes, including formal education in which 884 imprisoned persons (12.4%) participated. In order to improve the education opportunities in places of imprisonment, in 2009, the Ministry of Justice in cooperation with the Ministry of Education and Science has developed the *Programme for the implementation of the Education policy guidelines for imprisoned persons for 2006–2012*.

For the promotion of **quality and accessibility of adult education** in 15 evening (shift) and extramural secondary schools in Latvia, in the EU structural funds planning period of 2007–2013, support will be provided for equipment provision to natural sciences, physics and mathematics cabinets, providing the necessary material basis for the implementation of quality secondary education programmes.

Latvia has set a goal of improving the quality and accessibility of all level education, by fostering the professional development of teachers, and the efficiency and mutual competition of institutions. In order to achieve this goal, the following tasks have been defined:

- implementation of the principle “money follows the pupil” by increasing the competition among education institutions, diversifying the programme supply and learning methods;
- consolidation of the education institution network;
- review of the general and professional education content;
- prevent the overlapping of programmes and decreasing the costs of budgetary study places in the higher education.

Strengthening co-operation between public administration institutions, education institutions and employers (see Section 3.6.2 of Annex 1)

Strengthening cooperation between public administration institutions, education institutions and employers is one of the government's priority tasks in the field of education and improvement of skills.

In order to strengthen triangular co-operation of public institutions, employers and employees:

- *Regional Professional Education and Employment Councils* have been established, which submit proposals to ministries, local governments, *Tripartite Cooperation Sub-Council of Professional Education and Employment*, other public and local government institutions, employers' organizations, enterprises, in order to deal with the issues of labour resources, professional education, further education and retraining development issues in the region, gathering information about examination institutions, developing a link between professional education institutions and regional employers, quality improvement of operation of professional education institutions in the region and other issues related to professional education and its development;
- representatives of the *Professional Education Cooperation Council* and the *Tripartite Cooperation Sub-Council of Professional Education and Employment* are included in the accreditation commission of study and training programmes;
- sectoral experts are invited, in order to assess the study process quality of the respective education institutions, as well as for participation in the *Accreditation Commission of Higher Education Programmes*;
- in accordance with the agreements concluded by the *Professional Education Administration* in 2008 and 2009, the cooperation continued, in the framework of which professional organizations are active in the participation in the further development and operation of the professional education institutions network under the Ministry of Education and Science, taking into account the opinions of the professional organizations;
- representatives of the Employers' Confederation of Latvia, Free Trade Union Confederation of Latvia, Trade Union of Latvian Education and Science Employees and Latvian Adult Education Association are involved in the development of assessment criteria of the EU structural funds' project applications of the planning period of 2007–2013;
- by implementing the active employment policy measures, the State Employment Agency cooperates with employers, so that the requalification and qualification improvement training programmes would have been chosen, which meet the needs of the labour market;
- by supervising and improving a modern, competitive and qualitative education of culture and creative industry in Latvia, the Ministry of Culture cooperates with the representatives of the labour market, non-governmental organizations and education institutions.

Increasing availability of lifelong learning (see Section 3.5.4 of Annex 1)

The EU Council Conclusions testify that transition to lifelong learning is necessary for successful transition to knowledge-based economy and society.

In Latvia, a lifelong learning system is being developed, which would provide equal opportunities to the population to adapt to requirements of social and economic changes and actively participate in the future development of Europe. In order to ensure successful implementation of the *Life-Long Learning Policy Guidelines for 2007–2013*, the *Programme for Implementation of Life-Long Learning Policy Guidelines for 2007–2013 in 2008–2010* has been developed by the Ministry of Education and Science in cooperation with the responsible and involved institutions.

The main goal of the programme is to achieve, that 12.5% of adults aged 25–64 are involved in the lifelong learning process in 2010. In 2008, the indicator was 6.6%.

In accordance with the task determined in the *Action Plan on the Implementation of the Economic Stabilization and Growth Revival Programme of Latvia*, the measures, tasks and planned financing prescribed in the *Life-Long Learning Policy Guidelines for 2007–2013* and the *Programme for Implementation of Life-Long Learning Policy Guidelines for 2007–2013 in 2008–2010* were updated, taking into account the appropriateness of their priorities and implementation mechanisms with respect to the economic situation and the updated distribution of structural funds' measures.

In the framework of the EEA NO financial instrument, in 2008 and 2009:

- training has been provided to the public and local government employees, company managers and their employees, teachers of professional education institutions and further education employees, as well as young persons;
- the participation of the employers in the education process has been promoted, thus ensuring an education supply corresponding with the demand of the regional labour market;
- training in the higher education institutions of Latvia has been organised followed by business plan tenders to ensure the development of commercial activity;
- mechanism and the normative base have been developed for the implementation of the instrument to ensure the operation of the instrument for recognition of informal knowledge, skills and competencies at the professional education level. The availability of the instrument most likely will be ensured after the adoption of the Draft Law “Amendments to the Law on Professional Education”.

Taking into consideration the principles of distributed responsibility and sectoral policy interaction, for the development of a single lifelong learning system (amendments to the law provide the scopes of competence of the state and local governments in the implementation of adult education), a draft law “Amendments to the Education Law” have been developed and submitted for the 2nd reading in the Saeima with the aim of ensuring the compliance of the Education Law with the current situation in the education process, with the Administrative Procedure Law, Law on Higher Educational Institutions, Law on Professional Education, as well as of clarifying certain deficiencies in the Education Law.

On May 8, 2008, the *Law on Young People* was adopted, prescribing financing from the state budget for promotion of youth initiatives and participation. Youth organisations, as well as local governments and associations or foundations with projects oriented toward work with young people (including informal education and voluntary work projects) are entitled to receive public financing.

In order to provide young people with the opportunity to take part in the activities of informal education and to implement their initiatives, in 2008, 9 youth centres were established, as well as 17 local government projects were supported for the improvement of the material and technical provisions of youth centres. In the 1st half of 2009, the implementation of the informal education programmes continued in 22 youth centres on issues concerning young people (reproductive health of young people, combating violence and solving mutual conflicts, as well as work with young people from social risk groups).

On April 20, 2009, the *Youth Policy Guidelines for 2009–2018* were approved, and on August 25, 2009, the Cabinet of Ministers approved the *National Youth Policy Programme for 2009–2013*.

In 2007–2008, the National Database of Learning Opportunities (NIID.LV) has been established comprising information on education opportunities offered by education institutions in Latvia, thus ensuring the availability of career choice to all citizens in the context of lifelong learning. The data base also provides e-consultant services regarding issues on choice/continuing of education. In 2009, action has been launched for the compatibility of NIID.LV with the EC portal on learning opportunities throughout the Europe – PLOTEUS II – with the completion planned in 2010.

The higher education institutions are developing and gradually improving the services of student career centres, paying particular attention to the cooperation with employers’ organisations.

The number of students taking opportunities provided by the EU education and training programmes increases every year. In the academic year of 2007/2008, an opportunity to study in the framework of the *Erasmus* programme was taken by 1187 students. Information regarding the academic year of 2008/2009 is still in process of summarizing, but it already shows that the number of these students has increased to 1400. In the framework of the *Leonardo da Vinci* programme, 206 pupils of professional secondary schools, 69 graduate students and employees, as well as 134 professional education experts improved their professional experience abroad from June 1, 2008 to September 1, 2009.

In order to ensure the effective implementation of lifelong learning services, from 2010 until 2013, it is planned to provide the lifelong learning services to approximately 25 thousand employed persons (over 25 years old, prioritising those in disadvantaged situation), by using training coupon system (the State Employment Agency will ensure the implementation of the measures; the training services will be provided by accredited public and private education institutions) and by providing also career counselling services. It is planned to focus on four training fields: computer skills, language skills, entrepreneurship skills and skills necessary for the professional activity.

Raising the overall level of technological skills and knowledge of natural sciences (see Section 3.5.1 of Annex 1)

One of the goals of Latvia is to increase the number of students in natural sciences and engineering study programmes. The share of these students in the total number of students in the academic year 2007/2008 was 16%, while in the academic year 2008/2009 – 16.2%. The number of budget financed study places in higher education institutions and colleges has increased for priority fields (natural sciences, engineering, environmental sciences, health and social care). In 2008, in the priority fields, there were 10 537 budget financed study places in higher education institutions, while in colleges – 2797 budget financed study places. While in 2009, there were 14 544 budget financed study places in higher education institutions and 3048 budget financed study places in colleges. In 2009, natural sciences and engineering sciences study programmes have been granted a share of 41% of all budget financed study places.

In the recent years, the number of pupils studying mathematics, natural sciences and technologies in the secondary education programmes has increased in general secondary education institutions (30.8% of pupils in 2007/2008 academic year, 32.2% of pupils in the academic year of 2008/2009). Also, the number of those pupils and students, who choose to take the state centralized examinations in these subjects, is growing. Besides, since the academic year of 2008/2009, the centralized exam in mathematics is set as compulsory for all secondary school graduates.

Particular attention is paid to **improving the link between the educational process and the changing labour market requirements**. In order to ensure this link, currently the work on improving the education programmes is in progress, attracting the EU funding; several project tenders have been announced.

An expert working group has developed the Methodology for Provision and Assessment of Professional Education Institutions' Quality, which is currently being approbated.

In order to improve the content of the general secondary education, paying particular attention to the need of acquiring theoretical knowledge for the use of practical knowledge, on September 2, 2008, the Regulations of the Cabinet of Ministers on the national general secondary education standard and standards of the general education subjects were approved.

In order to **improve the quality of learning** in the fields of natural sciences, mathematics and technologies and to prepare knowledgeable and competitive young people, thus creating the preconditions for the development of the country in scientific and technology sectors, with the support of the EU structural funds, 50 secondary schools of Latvia have been provided with technologies and learning materials necessary for the implementation of the modernized study content in these subjects, as well as all secondary schools of Latvia have been provided with corresponding, modern materials for teachers. By 2013, in cooperation with schools, higher education institutions, scientific institutions and entrepreneurs, it is planned to improve the study content and the quality of its teaching in the fields of natural sciences and mathematics for the Forms 7–9. In the framework of the EEA NO financial instrument, in 2009, a project has been launched, which foresees creation of innovative, interactive multimedia study programmes in the fields of natural sciences and mathematics for the Forms 1–6 for pupils and teachers of general education schools by 2010.

At the moment, by attracting the EU fund financing, the activity “*Support to the Provision of General Education Teachers for the Priority Subjects*” has been launched with the aim of providing education institutions with teachers necessary for the priority study subjects and promoting the participation of teachers in work at education institutions.

Promotion of business education (see Section 3.6.1 of Annex 1)

Along with completion of the basic education reform, in the academic year of 2007/2008, the issues concerning financial services and economic processes in general are included in the standard content of *Social Sciences, Housekeeping and Technology* study subjects. Upon graduating from the Form 9, the graduate, for example knows the types and principles of economic activity of people, as well as economic wishes and needs of people, conformity to natural laws of demand and supply, price development principles, production factors, types and financial sources of business activity, national economic systems, as well as knows what should be done to defend consumer rights. The graduate also knows how to economically use and save the household resources (time, electricity, fuel, human energy, finances), is able to critically assess the necessity, quality and costs of goods and services, understands, why it is necessary to acquaint with the information on the labels of goods, as well as can evaluate this information.

The study course “*Basics of business economics*” is compulsory in all general secondary education programmes. The aim of the new standard is directed towards understanding of the economic processes and development of skills. In 2009, this optional examination was taken by 27% of the pupils of the Form 12.

According to the national professional education standard and national vocational education standard, the compulsory general study course “*Economics*” must be obtained, which has been updated in 2008. An extended subject “*Commercial sciences*” has been additionally included in the professional education programmes, and it has been integrated in the professional education content in compliance with the professional competencies. If up to now the task of the economic education has been related to the preparation of economic-minded people emphasizing the skills of effective decision-making, then currently the fundamental task is related to the development of entrepreneurial skills.

Upon graduating from the Form 12, the graduate, for example, knows the types and functions of money and understands the role of money in the economy, knows the consumer rights and is able to act pursuant to the procedures prescribed by them, understands, what are savings and where they should be accumulated, understands the essence of different funds; evaluates the opportunities of his/her action in the money, securities and insurance market, understands cyclic development of the economy, as well as action of an individual and government in each stage of the economic activity’s cycle, makes a decision and assumes responsibility for his/her choice in different economic situations.

6. Coordination between the NLPL, EU Structural Funds and Cohesion Fund

6.1. Coordination of the Utilisation of the EU Structural Funds for 2004–2006

Approximately 60% of financial resources from structural funds (hereinafter – SF) in the programming period of 2004–2006 were channelled for the implementation of the priorities of the Lisbon Strategy (see Annex 2). The priorities specified in the National Lisbon Programme of Latvia for 2005–2008 comply with the following priorities stipulated in the Single Programming Document (hereinafter – SPD):

- Priority 1: *“Promotion of balanced development”*, excluding support for environmental investments;
- Priority 2: *“Promotion of entrepreneurship and innovations”*;
- Priority 3: *“Development of human resources and promotion of employment”*;
- Priority 4: *“Promotion of agriculture and fishery”*, the activities supporting investments into agricultural enterprises, improvement of agricultural product processing and marketing, promotion of rural area reorganization and development, as well as training.

Priority 1: “Promotion of balanced development”

Priority 1 of the SPD is related to the activity 2.1.3 “Information Society”, activity 2.1.5 “Resource Sustainability”, activity 2.2.5 “Infrastructure”, activity 3.4 “Education and Skills” of the NLPL for 2005–2008.

Support from the SF is provided for achievement of the goals set by the NLPL in the field of establishing information society in order to improve the existing and develop new state information systems by integrating them into a unified state system, provide public access, promote introduction of e-government and optimisation of the public and local government administration operation. Support of the SF is provided also for establishment of the public internet access points and distribution of the broadband network. The implementation of both activities had been launched in the 2nd half of 2006.

In order to promote achievement of the Lisbon Strategy goals for provision of resource sustainability, support of the SF is provided for development of water management infrastructure by improving the drinking water and sewage purification, establishment of sorted waste collection points by decreasing the amount of deposited waste and re-cultivation of waste dumps non-compliant with the normative requirements. Additionally, the support for modernisation of heat supply systems in accordance with the environmental requirements is financed for increasing energy efficiency of both, production and distribution of the heat supply system and the final consumer by performing modernisation of the centralized heat supply systems, including transition from liquid fuel with high sulphur concentration to fuel with low sulphur concentration, as well as for regenerative fuel and increasing energy efficiency of centralized heat supply systems in order to decrease the loss of heat supply and distribution by raising energy efficiency in the boiler houses including cogeneration opportunities and promoting wider utilisation of regenerative energy resources, as well as increasing energy efficiency at the side of final consumers (schools, kindergartens, health care institutions, etc.).

In order to provide support for the activity “Infrastructure” set by the NLPL, the SF investments are provided for the reconstruction of motorways, seaports, railway infrastructure, improvement of the transport system’s efficiency in city streets, therefore establishing a safe, sustainable and environmentally-friendly transport system.

In the planning period of 2004–2006, the SF provided investment within the framework of activity 3.4 “Education and Skills” of the NLPL. The mentioned financing is planned to be used for improvement of education, employment and health care infrastructure.

In order to improve professional education infrastructure and modernize training equipment of higher education institutions, re-planning and renovation of the training rooms is supported in accordance with the study course standards and education programmes, as well as acquisition of modern devices and equipment.

Public social care institutions are modernised and adjusted to offering social care and rehabilitation services of a new type within these institutions or beyond them, in order to promote return of disabled and

their family members to the labour market. The ICT support is provided for administrative institutions of social service system.

Investments into the primary health care will be channelled to improvement of existing primary health care centres and establishment of the new ones.

Priority 2: “Promotion of entrepreneurship and innovations”

Priority 2 of the SPD is related to the activity 2.1.2 “Innovations” and activity 2.2.4 “Small and Medium-Sized Enterprises” of the NLPL for 2005–2008.

Support is provided for development of innovations in the framework of the SF in the field of promotion of achievement of the goals regarding innovations set in the Lisbon Strategy by facilitating increase of national innovation capacity. New enterprises will be established as a result of implementation of the measure including the companies established on the basis of other organizations and their scientific research results and the general goal of the measure is achieved – increase of the number of enterprises. Financial support is provided in the framework of the measure for introduction of new types of products or technologies into production by supporting the technical and economic justification, as well as development of samples and pilot models.

Support is being provided for the development of SMEs and raising competitiveness in the framework of the SF for achievement of the Lisbon Strategy goals foreseen by the measures 2.3 and 2.4 of the SPD. In the framework of the measure 2.3 of the SPD the achievement of the Lisbon Strategy’s goal – to become the world’s most dynamic and competitive knowledge-based economy by 2010 – will be also promoted. Support is provided for participation of enterprises in international exhibitions, fairs and events in the framework of the SF by providing an opportunity for Latvian enterprises to become noticed on an international scale. Similarly, financial support is provided for the use of SME external consultation services and exchange of experience in such fields as market research, development of business plans, financial management, quality requirements and other support programmes in the fields of “Consultation Services”.

In order to improve accessibility to financing of the SMEs, three instruments are applied in the framework of the measure 2.4 of the SPD – loans on preferential terms for starting business, issue of guarantees for the projects within the SMEs with insufficient provision of collateral and the risk capital fund. The financing is substantial, in order to raise competitiveness of the SMEs.

In order to reach the goals set by the Lisbon Strategy in provision of scientific activity and development, the SF support is provided in two fields:

- by supporting development of applied research in the national scientific institutions, which will promote development of new products and technologies, as well as supporting national research institutions having the potential for commercializing research;
- by the modern research equipment and infrastructure, which will promote also cooperation between scientific institutions and industry sector, as well as promote establishment of new technologies and knowledge-based products.

Priority 3: “Development of human resources and promotion of employment”

Priority 3 of the SPD is related to the activity 3.2 “Labour Supply” of the NLPL for 2005–2008.

The SF provide contribution to promotion of employment in the planning period of 2004–2006 by putting the main emphasis on implementation of active employment policy measures, retraining and improvement of qualification of employees, unemployed, job seekers and economically inactive persons, business start-ups and self-employment, as well as financially supporting business start-ups and self-employment, increasing capacity of the institutions responsible for establishment and implementation of labour market and gender equality policy.

The financing of the measure 3.2 of the SPD is planned to be used for promotion of education by putting the main emphasis on development of higher and professional education, particularly in such fields as natural sciences, engineering and mathematics in the SF planning period of 2004–2006. It is planned to strengthen capacity of education and training systems in economically important and science and technology intensive sectors in the framework of the measure, modernise education and training systems and strengthen lifelong learning capacity including e-education. Development of the lifelong learning strategy and its implementation mechanisms will promote improvement of education quality and availability, as well as improvement of lifelong learning availability throughout the territory of Latvia, thereby levelling of regional differences in labour force employment and promoting socio-economic development.

In the SF planning period of 2004–2006, the financing of the measure 3.3 of the SPD is planned to be used for decreasing social exclusion by promoting motivation and rehabilitation measures of the groups of residents subjected to the risk of social exclusion and thereby promoting their involvement in the labour market.

Special measures are planned in order to promote involvement of social exclusion risk groups. It is planned to provide better accessibility to ICT for the disabled by creating conditions for e-employment, distance learning and development opportunities of professional skills. It is planned to provide specially equipped or adjusted ICT for the persons having particular types of disability, for example, blind and visually impaired persons, persons with mental development disorders, etc.

Priority 4: “Promotion of agriculture and fishery”, the activities supporting investments into agricultural enterprises, improvement of agricultural product processing and marketing, promotion of rural area reorganization and development, as well as training

Priority 4 of the SPD is related to the activity 2.2.4 “Small and Medium-Sized Enterprises” of the NLPL for 2005–2008.

The support of SF is provided in the framework of the measure 4.1 of the SPD “Investments into Agricultural Enterprises” for promotion of the activity of the NLPL “Small and Medium-Sized Enterprises” in order to promote and ensure balanced and sustainable rural development decreasing socially economical differences between rural areas and cities, at the same time maintaining varied rural environment and promoting efficiency and competitiveness of agricultural production, manufacture efficiency of agricultural products and ensure competitiveness in both, the domestic and external market. Activities are supported for increasing quality of agricultural goods, as well as hygiene, food safety, environment and labour security standards in agricultural enterprises.

The support of the SF is additionally provided in the framework of the measure 4.2 “Support to the Young Farmers” of the SPD in order to promote involvement of the young people in continuous agricultural activities, which would thereby facilitate establishment of economically viable agricultural holdings while providing labour regeneration in the agricultural sector, as well as maintain the number of rural inhabitants. The purpose of the support granted in the framework of this measure is to protect the rural areas from a decreasing number of population.

The support of the SF is provided also in order to improve competitiveness of agricultural products in the domestic and foreign market (measure 4.3 “Improvement of Agricultural Product Processing and Marketing” of the SPD) by improving the structure of Latvian processing sectors and raising quality, hygiene, food safety and other standards in processing enterprises (introduction of ISO and HACCP standards, improvement of processing, delivery and packing systems). Activities of the measure are developed for improvement of Latvian processing industry structure and raising quality, hygiene, food safety and animal welfare standards in processing enterprises.

The goal of the measure 4.7 “Training” of the SPD envisages investment of the NLPL type into the small and medium-sized enterprises. It is planned to develop skills and knowledge of farmers and other persons related to agricultural activities in the framework of the measure in accordance with the EU Memorandum on lifelong learning, as well as to prepare the forest owners and other persons related to forestry to the application of such forest management practice, the aim of which is strengthening the economic, ecological and social functions of the forest. In order to overcome the abovementioned problems in the rural areas, training is offered to rural inhabitants as close as possible to the place of residence and work of the trainees.

The support of SF is provided for the measures of fishing fleet renovation and modernization. Activities of the measure are aimed at improvement of shipping safety and working and hygiene conditions, as well as provision of the conditions appropriate for storage and processing of fish on vessels, which will promote sustainable and responsible use of the resources, and the support of SF is also aimed at modernisation of the process of fish processing, improvement of hygiene conditions and introduction of new technologies. It is also related to the introduction of environmentally friendly technologies, self-control and quality management systems and organization of processing of the fish caught by fishermen.

The structural funds constitute only one of the instruments, which foster achievement of the goals set in the Lisbon Strategy by supporting the intervention fields partially corresponding to those set by the NLPL.

6.2. Coordination of the Utilisation of the EU Structural Funds and Cohesion Fund for 2007–2013

In accordance with the initial plan⁵ of **the planning period of 2007–2013**, it is planned to use about 56.34% (LVL 1.79 billion) of the resources of the EU structural funds and the Cohesion Fund accessible to Latvia for financing of those policy measures of Latvia, which correspond to the implementation of the previously specified Lisbon Strategy guidelines. It is planned to use about 66% (EUR 1.18 billion) for promotion of territorial cohesion, i.e., in the framework of the Operational Programme “Infrastructure and Services” in order to develop the infrastructure and services, which respectively amounts to nearly 52% of all the EU funding accessible within the Operational Programme. In comparison with the previous period (2004–2006), the largest part – nearly 28% (LVL 499.83 million) is planned to be allocated for the promotion of development of innovations and entrepreneurship in the framework of the Operational Programme “Entrepreneurship and Innovations”, which respectively amounts to 96.5% of the EU financing for the Operational Programme. At the same time, 6.0% (LVL 112.67 million) are planned to be channelled to the promotion of development of human resources and employment in the framework of the Operational Programme “Human Resources and Employment” amounting to 29% of the EU financing accessible within the Operational Programme.

Support is provided in the following fields for implementation of the Lisbon Strategy guidelines:

- in the framework of the Operational Programme “Human Resources and Employment” the financing is channelled to the measures aimed at successful integration and retaining the population in the labour market by providing necessary skills through support of the active employment policy measures and other instruments, raising labour security and equality in the labour market, as well as improving labour health status (LVL 107.4 million) and to development and implementation of a sectoral competence and professional skill improvement system (LVL 5.28 million) of the ESF resources;
- in the framework of the Operational Programme “Entrepreneurship and Innovations” the financing is planned for development of science and research (LVL 167.32 million), increasing the innovation level of enterprises (LVL 142.61 million), promotion of access to finances for development of entrepreneurship (LVL 119.2 million) and promotion of entrepreneurship (LVL 70.7 million) of the ERDF resources;
- the most substantial financing in the framework of the Operational Programme “Infrastructure and Services” is channelled to development of motor roads (LVL 540.13 million), railways (LVL 180.83 million), seaports (LVL 128.54 million), information and communication technologies (LVL 110.14 million), energy efficiency, cogeneration and energy management (LVL 80.73 million) and airports (LVL 55.17 million) from the ERDF resources and the Cohesion Fund.

In 2008, the implementation of the **Rural Development Programme of Latvia for 2007–2013** and **Action Programme for the Implementation of the European Fisheries Fund Support in Latvia for 2007–2013** measures has been launched. The total available public financing in the programming period is LVL 1.1 billion, from which the financing of measures directed towards the implementation of the Lisbon Strategy is about 50%.

⁵ At the moment of approval of the Operational Programmes by the European Commission, i.e. on December 12, 2007 – with respect to the Operational Programme “Human resources and Employment”, September 24, 2007 – with respect to the Operational Programme “Entrepreneurship and Innovations” and on December 10, 2007 – with respect to the Operational Programme “Infrastructure and Services”.

List of measures of the National Lisbon Programme of Latvia, status and financing

Measures of the National Lisbon Programme of Latvia			Years	Implementation and financing of measures	Responsible institution
1.	Macroeconomic Policy for Growth and Jobs				
1.1.	<i>Fiscal policy</i>				
1.1.1.	To implement restrictive fiscal policy and ensure efficiency of budget spending				
			2008-2011	<p>In 2008, the deficit in the general government sector budget amounted to 4 % of GDP, in 8 months of 2009 it was 3.8% of GDP (according to ESA 95). To reduce the budget deficit, several tax measures are foreseen:</p> <ul style="list-style-type: none"> – to extend the personal income tax base, by including all the capital income; – to reduce substantially or to abolish the majority of tax exemptions, including, income from agricultural production and provision of rural tourism services, and to reduce differences between tax exemptions for different income sources, including, pensions and remunerations; – as of 2010, to abolish the special personal income tax conditions (15% rate) to self-employed and to apply the general personal income tax (23% rate) on the income of the self-employed; – as of 2010, to extend the base of real-estate tax, by including all residential buildings, and applying the updated cadastral values for tax calculations. <p>The target of the financial deficit of the general governmental sector in 2009, 2010 and 2011 has been set at 10%, 8.5% and 6% of GDP, respectively (according to ESA 95).</p>	Ministry of Finance
			2008-2009 2009-2010	<p>In order to ensure medium-term budget planning introduced in 2007, the Cabinet of Ministers:</p> <ul style="list-style-type: none"> – adopted (on May 26, 2008) “Regulations on Basic Principles for Drafting and Submitting Budget Requests”, while in the 2nd half of 2009, taking into account the topical issues, it is planned to draft new regulations, that will replace the previous ones; – it is planned to develop a draft law on fiscal discipline, which would provide budget deficit corresponding to the macroeconomic forecasts, fluctuation range for state budget expenditures, and the ceiling of maximum growth of these changes, thus ensuring contra-cyclical fiscal policy, as well as will set forth the scope of responsibility of the Saeima, Cabinet of Ministers, other institutions and local governments, to ensure compliance with fiscal discipline on all 	Ministry of Finance

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					levels of public administration.	
			– By introducing strategic planning in the ministries	2008-2009 2010	In 2008–2009, the normative base had been developed for determination of goals, drafting, planning, applying and analysis of the results and resultative indicators. On September 1, 2009, the Cabinet of Ministers adopted “Regulations on the Procedure of the System of Results and Resultative Indicators”. Until November 1, 2009, the updated results of the sectoral policy and activity and their resultative indicators for the next planning cycle will be developed. The following will be drafted and submitted to the Cabinet of Ministers: – Until May 1, 2010, it is necessary to draft the medium-term strategies for institutional activities, by ensuring the link with a medium-term budget, the system of resultative indicators, as well as the sectoral medium-term priorities; – Until July 1, 2010, amendments to the Cabinet of Ministers Regulations of May 26, 2008 on Basic Principles for Drafting and Submitting Budget Requests”, providing procedure, according to which the state budget programme results are included in the budget requests; – Until December 31, 2010, amendments to the Cabinet of Ministers Instruction of April 3, 2007 on the analysis of the annual state budget execution, which will provide a procedure for including information of results and their resultative indicators of state budget programmes into the report on execution of annual state budget.	Ministry of Finance
		1.1.2.	To ensure successful accession of Latvia to the Euro zone			
			By developing the plan of necessary measures in order to ensure the successful accession of Latvia to the Euro zone	2005-2008	The updated <i>National Euro Changeover Plan of Latvia</i> and its annexes were adopted, as well as the euro changeover perspective that foresees determination of the euro changeover date not later than 24 months before the planned euro changeover day – when the forecasts of 3 years included in the <i>Convergence Programme of Latvia</i> will approach fulfilment of the Maastricht criteria.	Ministry of Finance
	1.2.	Public debt				
		1.2.1.	To ensure the necessary financial resources for financing the government budget deficit and refinancing the central government debt liabilities at costs as low as possible and under conditions as favourable as possible, limiting financial risks and taking into account the development of Latvian state capital market and all financial systems			
			– By developing new debt repurchase and debt exchange programmes for	2005-2008	In 2008, partial pre-term repurchase of Latvian state securities (euro obligations with maturity term of November 2008) has	Ministry of Finance

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			the management of debt refinancing risks	2009-2010	been implemented. In 2009–2010, in order to renew the ability of Latvia to borrow successfully in foreign financial markets, it is necessary to implement measures, by diversifying the investors' base, as well as by extending the range of applied financial instruments in compliance with the trends of the international market, in order to reduce possible debt re-financing risk.	
			– By developing strategic guidelines that will foresee the desirable (optimal) direction for development of Latvian public debt securities market, including methods of initial placement of securities, depositary and trading systems, investors' base, etc.	2005-2010	Redenomination principles of the public debt had been prepared. Technical specification of the domestic state loans is amended, which corresponds to the government practice of securities market applied by the most EU member states. Taking into account the unstable situation in the financial markets, limited borrowing opportunities, it will be necessary to update the adopted (on December 4, 2006) <i>Medium-term development perspectives of Latvian securities market</i> in compliance with the current market situation.	Ministry of Finance
	1.3.	Sustainability of Public Finances				
		1.3.1.	Increase the retirement age			
			– By increasing the retirement age for females	2005-2008 2009	As from July 1, 2008, the retirement age of females is 62 years. In 2009, the discussion has been launched on possible further increase of the retirement age.	Ministry of Welfare
			– By ensuring sustainable social security system	2008-2010	On December 3, 2008, the Cabinet of Ministers adopted the concept " <i>On the management of the state social insurance financial resources until 2012</i> ", which foresees the accumulation of free resources of the social insurance budget for the future needs, by investing them in the State Treasury and receiving additional revenues both, from term deposits and daily balances of accounts. The total sum of term deposits of the special budgets on January 1, 2009 was LVL 831.2 million, while on July 1, 2009 – LVL 654.5 million. In the 2 nd half of 2009 and 2010, a decision will be made on further activities with regard to management of the special budgets resources.	Ministry of Welfare
		1.3.2.	Improve the healthcare system			
			– By implementing reforms in the health care sector	2009-2013	The draft "Plan for implementation of the health care system's reform for 2009–2011" has been developed – its aim is to ensure development of the health care system under the situation of limited financing (decrease of the health care budget from September 1, 2009 is by LVL 77.2 million).	Ministry of Health

[illegible]

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					facilities – planned to complete by July 2012.	
			– By improving the infrastructure of healthcare service providers	2009-2010	<p>– In compliance with the <i>Programme for Development of Providers of Out-Patient and In-Patient Health Care Services</i> within the framework of the Single Programming Document (2004–2009) in 2009, resources were invested for improving the infrastructure and equipment of primary health care and emergency service system (ERDF financing – LVL 13.4 million, national financing – LVL 10.6 million). Additionally, resources were allocated to establishment of a therapy department in the National Rehabilitation Centre “Vaivari” (LVL 0.5 million).</p> <p>– In health institutions of four largest cities of Latvia, equipment for radiotherapy treatment of oncology patients is being obtained and installed, thus ensuring availability of health care services in the regions (in 2008, contracts have been signed, in which the total ERDF financing – LVL 8.3 million, national co-financing – LVL 1.47 million).</p>	Ministry of Health
			- By developing ambulatory health care and pre-hospital stage care	2009–2010	As of 2009, in the health care service sector the home care was introduced – the aim is to provide health care services at home to patients with specific diagnoses and conditions. In the future it is planned to revise and increase the number of diagnoses with which patients will be able to receive care at home. For improvement of infrastructure, EU fund activities have been approved.	Ministry of Health
	1.4.	Wage development				
		1.4.1.	To promote concerted increase of wages and labour productivity, so as not to create additional economic instabilities, at the same time taking into account the consequences of inflation			
			– By implementing the <i>Concept on Minimum Wage</i>	2006-2010	As of January 1, 2008, the minimum wage has been increased to LVL 160. As of January 1, 2009, the minimum wage has been increased to LVL 180. Further increase is not planned.	Ministry of Welfare
			- By improving the wage system in the public administration institutions and developing a unified remuneration system for state and local government officials and employees	2005-2011	<p>It is planned to implement gradually the new wage system until 2011.</p> <p>In 2008, the possibilities to pay bonuses and premiums were limited, premiums for work under circumstances of increased intensity, as well as management contracts were cancelled. A special law was adopted for restriction of remuneration in 2009.</p> <p>In 2009, work was launched in elaborating the law on unified remuneration of state and local government officials, monthly pay ranges have been revised accordingly to</p>	Ministry of Finance

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					the economic situation in the state.	
	1.5.	Tax policy				
		1.5.1.	To improve motivation and promote financial attractiveness of jobs			
			– By raising gradually the untaxed monthly minimum and allowances for dependent persons	2006-2010	As from January 1, 2009, the untaxed monthly minimum is set in the amount of LVL 90 and the tax allowance for dependent persons is set in the amount of LVL 63. However, taking into account the budget situation, as from July 1, 2009, the untaxed monthly minimum is set in the amount of LVL 35.	Ministry of Finance
		1.5.2.	To establish a tax system promoting economic development			
			– By developing guidelines on the tax policy promoting economic development	2009	A draft of the guidelines on the tax system development has been worked out.	Ministry of Finance
			– By providing amendments to the Law on Corporate Income Tax, in order to establish re-investment incentives	2008-2009	On January 1, 2009, the amendments to the Law on Corporate Income Tax came into force, providing several re-investment incentives (increase of equity, increase of the value of fixed assets for the needs of writing off depreciation, replacement of fixed assets, and incentives to register patents and trademarks).	Ministry of Finance
			– By providing amendments to the Law on Personal Income Tax, in order to extend the tax base	2008-2010	As of 2010, it is planned to extend the base of Personal Income Tax with the income gained from capital and to increase the tax rate for the income of self-employed persons to 23%. The amendments are being drafted. It is planned to submit amendments for adoption in the Cabinet of Ministers in the budget package for 2010.	Ministry of Finance
			– By providing amendments to the Law on Real Estate Tax, in order to expand the range of taxable objects	2009	It is planned to expand the range of objects taxable with the Real Estate Tax as from January 1, 2010.	Ministry of Finance
			– By amending the Law on Excise Tax, by setting higher tax rate on fossil fuel than to fuel containing at least 5% of bio-fuels, in order to facilitate the use of fuel with admixture of bio-fuels; – By amending the Law on Car and Motorcycle Tax – in order to facilitate the use of more economic and environmentally friendly cars and motorcycles, it is necessary to change the tax calculation system, taking into account the greenhouse gas emissions	2009-2010	As from the 4 th quarter of 2009, it is planned to introduce the “choice” norms of VAT regarding: – the possibility of taxable persons to unite in a VAT group; – the right to reduce VAT sum payable into the state budget by VAT sum of lost debt; – special VAT application conditions in goods import deals. As of July 1, 2010, for kerosene, diesel (gas oil), fuel oil, the calorimetrical index of which is less than 2.0 and kinematic viscosity at 50°C is less than 25mm ² /s, as well as to their replacement products and components, the tax is differentiated depending on the percentage of bio-fuels: if the abovementioned oil products are of	Ministry of Finance

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			(carbon dioxide) and the volume of motorcycle engines; – As of 2010, the VAT will be imposed on building plots. It will provide the possibility for the real estate developers to deduct the pre-tax for the investments into infrastructure		fossil origin and they are used as fuel, the tax is calculated at a rate of LVL 40 per 1000 l; if in the abovementioned oil products, the bio-diesel percentage is at least 5% of the total volume, the tax is calculated at a rate LVL 15 per 1000 l. Pursuant to the Amendments to the Law on Car and Motorcycle Tax, it is planned as from January 1, 2010 to change the system of applying taxes to new and previously not registered cars, by calculating the tax depending on the volume of carbon dioxide (CO ₂) emissions of the car, but for the other cars and motorcycles it is planned to provide a transition period of 2 years. Thus, as of January 1, 2012, tax will be imposed on all cars depending on the volume of carbon dioxide (CO ₂) emissions of the car, and to motorcycles depending on the volume of engine. Pursuant to the Law on Electric Energy, as from January 1, 2010, the tax rate for electricity will be LVL 0.71 per MWh and it will reach the minimum level of the EU.	
2. Microeconomic reforms						
	2.1.	Research and development				
		2.1.1.	To invest public resources in research and development more efficiently and effectively and encourage research and development in the private sector			
			– By providing increased financing for scientific activity, while improving the procedure of granting public financing for scientific activity, which is prescribed by the normative acts	2006-2010	In 2008, the financing for scientific research amounted to LVL 56.8 million, including the EU Structural Funds financing. In 2008 and 2009, several normative acts have been adopted to improve the procedure and conditions for allocation and use of state resources for scientific activities. In the 2 nd half of 2009, it is planned to draft a new Cabinet of Ministers Regulation “Procedure of allocating base financing to state scientific institutions, state higher education institutions and scientific institutions of state higher education institutions”, where in accordance with the current situation, the principles for calculating base financing have been defined more precisely, by providing financing for development of scientific institutions, increasing quality requirements for allocating base financing, as well as by providing a possibility to use the base financing as co-financing for implementation of EU Structural funds projects.	Ministry of Education and Science
			– To implement market-oriented research	2008-2010	<i>Market-oriented research programme</i> has been implemented, financing to scientific research in 2008 – LVL 659.9 thousand,	Ministry of Education and

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>implementation of 21 new research projects has been supported in the framework of the programme in 2008, as well as implementation of 27 already initiated projects has been ensured. In 2008, 5 research projects were implemented in the forest and wood processing sectors with the financing of Forest development fund in the amount of LVL 0.26 million.</p> <p>In 2009, the implementation of new projects has not been initiated, but the implementation of 25 research projects which has been started during the previous years is being continued.</p> <p>In 2010, it is planned to continue the Market-oriented research programme within the framework of the allocated state budget resources.</p>	Science
			– By defining the scientific priority directions	2006-2009	<p>In 2008, the implementation of all 9 national research programmes was continued. The financing in 2008 was LVL 9.6 million. It is planned to complete the abovementioned programmes until the end of 2009, by assigning financing in the amount of LVL 6 million.</p> <p>On August 25, 2009, 5 priority scientific directions were approved for the financing of fundamental and applied research in 2010–2013.</p>	Ministry of Education and Science
		2.1.2.	To modernize scientific infrastructure in research institutes and higher education institutions			
			– By modernizing scientific infrastructure in the state scientific institutes	2007-2013	<p>Financing of EU funds is used for modernizing scientific infrastructure. National programmes of the previous planning period (2004–2006) have been completed with the total financing of LVL 25.3 million. As a result of the project implementation, in 20 scientific institutions 552 units (sets) of scientific equipment have been purchased, thus increasing the potential of scientific activities in 8 research areas with high competitiveness – material science, organic synthesis and biomedicine, timber processing technologies and forest science, energy and mechanics, IT, astronomy, environmental science, biology and ecology.</p> <p>During 2007–2013 EU Structural funds planning period, the total financing foreseen for modernization of infrastructure in scientific institutions is LVL 120.8 million.</p> <p>In the framework of the Norwegian/EEA financial instrument, a project has been launched, according to which during 2009–2010, it is planned to improve the material supply in the Creativity Scientific Institute,</p>	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					as well as to obtain and install equipment for the research process. Financing from the state budget is LVL 15.5 thousand.	
		2.1.3.	To ensure renewal of the intellectual potential in science			
			– By improving the system of doctoral grants and scholarships and establishing a post-doctoral research support system	2008-2013	By using EU Structural funds resources of 2004–2006 planning period, more than 900 doctoral students and young scientists have received support, out of which 252 doctoral students have presented their doctoral theses (total financing – LVL 11.74 million). During 2007–2013 EU Structural funds planning period, it is planned to ensure 1600 target grants for support of doctoral students and young scientists (planned financing of ESF in 2009 – LVL 2.7 million).	Ministry of Education and Science
			– By providing financing for the base of scientific institutions, in order to promote fundamental and applied research	2008-2010	In 2008, the allocated base financing is LVL 15.8 million for 40 scientific institutions, but in 2009 it is 8.5 million LVL.	Ministry of Education and Science
			– By implementing the set of measures to develop entrepreneurs' understanding on the significance of industrial property and its protection for increase of competitiveness	2007-2012	The main priority activity directions are: education improvement (for employees of law enforcement institutions), public awareness, promotion of invention activity. In 2009–2010, the following tasks will be implemented: joint training of employees of law enforcement institutions; development and popularizing of information in the sphere of intellectual property protection; support to companies in protection of industrial property; implementation of public and businessmen surveys on the issues of intellectual property rights; development of programme for informing and educating society according to the results of surveys.	Ministry of Justice
			– By co-ordinating and facilitating activity of the public administration institutions, as well as mutual co-operation in the field of intellectual property and protection of its rights	2007-2008	The Intellectual Property Council continues its work, which in 2007 and 2008 has facilitated amendments to the Criminal Law and Administrative Violations Code, in order to assess the necessity to increase sanctions in cases of violations of the intellectual property rights and to prevent duplication of standards. At the end of 2008, a group of experts on the intellectual property rights issues started the work on the draft of an informative report “ <i>Ensuring intellectual property rights on Internet surrounding (assessment of application of Latvian legal provisions)</i> ”. The draft informative report will be submitted for approval in the Cabinet of Ministers. Besides the existing ones, the consultation centres of the Patent Board were opened also in Ventspils and Rēzekne.	Ministry of Justice

	2. 2.	Innovations				
		2.2.1.	To promote co-operation of science, education and private sector			
			– By establishing and supporting innovation centres and business incubators	2007-2008	Since 2007, <i>the Programme on Innovation Centres and Business Incubators</i> is being implemented. Establishment of 11 innovation centres and business incubators was supported in different regions of Latvia. In 2008, financing in the amount of LVL 1.6 million was allocated to activities of centres and incubators. In 2007–2008, support was provided to 178 new enterprises, 460 new jobs had been created, and LVL 1.22 million had been paid to the state in taxes.	Ministry of Economics
				2009	In 2009, the programme is continued by attracting EU SF financing. Until August 31, 2009, contracts have been signed with 7 business incubator operators in the regions of Latvia. On May 19, 2009,	

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					the submitting period of applying for tender "Purchase of business incubation services for development of creative industry branches in Riga" was closed. 2 offers were received. It is planned to sign a contract on implementation until September 30, 2009. Until 2010, by applying an inter-disciplinary approach to business activities and modern technologies, it is planned to work out innovative training modules for leading employees in the Baltic States. Project implementation was started in 2008, by using financing from the Norwegian/ EEA financial instruments.	
			– By developing and implementing the Competence centre programme	2007-2013	The planned public financing for development and operation of Competence centres for 2009–2013 is 42.7 million LVL. It is planned to start the implementation of activity at the end of 2009.	Ministry of Economics
		2.2.2.	To support transfer of knowledge and technologies			
			– By continuing introduction of the Technology transfer contact point programme	2008-2013	Since 2008, activity of 8 technology transfer contact points is continuously ensured. In 2008 and the 1 st half of 2009, technology transfer contact points have prepared 34 commercialization offers, 24 patent applications and signed 13 cooperation agreements. A Technology transfer programme will continue also in 2009–2010. Until 2013, it is planned to prepare 424 commercialization offers, 164 Latvian patent applications, and 40 international patent applications.	Ministry of Economics
			– By ensuring operation of the European business support network in Latvia	2008-2013	In February 2008, <i>the European business support network</i> started its operation in Latvia. The allocated financing in 2008 is LVL 0.2 million, in 2009 – LVL 0.35 million. During the 1 st half of 2009, EEN Latvia has provided 545 consultations to Latvian businessmen, processed 432 information requests from foreign companies and businessmen, 10 seminars have been organized about foreign markets (UK, Belarus, Uzbekistan), as well as on topical issues of the EU, 81 business cooperation profiles for spreading in other European business support networks have been processed. In 2009, in total it is planned to ensure 1100 consultations to the Latvian entrepreneurs, to organize 12 informative seminars, to process 120 business cooperation profiles. The activities will be continued in 2010.	Ministry of Economics
		2.2.3.	Support to introduction of new products and technologies into production			
			– By developing and	2008-	Until August 19, 2009, within the	Ministry of

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			implementing the state support programme “Support to development of new products and technologies”.	2013	framework of the activity contracts have been signed about project implementation with the total sum of LVL 3.08 million. Currently, the projects, which have been approved, but on which contracts have not been signed yet, are being evaluated (the total sum of projects – LVL 6.3 million). In 2010, the 2 nd selection round will be organised.	Economics
			– By developing and implementing the state support programme “Support to introduction of new products and technologies into production”.	2008-2013	Until August 19, 2009, contracts have been signed on project implementation with the total sum of LVL 11.5 million. Currently, the projects, which have been approved, but on which contracts have not been signed yet, are being evaluated. The total sum of these projects is LVL 0.4 million. In 2010, the 2 nd selection round will be organised.	Ministry of Economics
	2.3.	Information Society				
		2.3.1.	Increase of Internet availability			
			– By developing broadband access opportunities	2006-2008 2008-2010	In 2008, SJC “Telekom Baltija” completed the development of broadband connections. The financing in 2008 – LVL 2.4 million. In April 2010, it is planned to announce open project selection tender for activity “Ensuring equal opportunities for access to electronic communications in the whole territory of the state (development of broadband network)”.	Ministry of Transport
			– By implementing <i>Informatization Programme of the Education System of Latvia for 2007–2013</i>	2008-2013	Development and introduction of the state education informatization system has been launched. Currently, maintenance of education registers, as well as maintenance of national education opportunities database <i>NIID.LV</i> is ensured, and a school portal <i>www.skolas.lv</i> has been developed. To achieve the ICT provision for the learning process, the EU funds activity “Informatization of education institutions” has been approved. In 2008, project application selection has been started. The available referable financing – LVL 12 million. 400 ERDF project applications have been received and registered. In 2009, financing for project implementation has not been approved and assigned by the Cabinet of Ministers. To improve the situation in mastering natural sciences, mathematics and technologies in education institutions of Latvia by using IT, EU fund programmes of the 2004–2006 planning period were carried out, the implementation of which ended in 2008 (developing subject contents and further education of teachers). During 2007–2013 EU Structural funds	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>planning period, implementation of the project “<i>Natural sciences and mathematics</i>” has been launched, within the framework of which in cooperation with schools, the higher education institutions, scientific institutions and businessmen, the content of the subject and quality of its mastering is improved in the Forms 7–9. The financing in 2008 was LVL 82.2 thousand, in 2009 LVL 175.7 thousand.</p> <p>Until 2010, with the support of Norwegian/EEA financial instruments, it is planned to develop and implement two multimedia study programmes in natural sciences – for pupils of Forms 1–6 and for the teachers. The project implementation was launched in 2009.</p>	
		2.3.2.	Development and provision of efficient e-government			
			– By arranging normative environment of e-government	<p>2007-2008</p> <p>2008-2009</p> <p>2009-2010</p>	<p>The Law on Amendments to Electronic Communications Law had been adopted (came into force on June 7, 2007), on the basis of which a delegation agreement has been concluded on establishment of computer safety incident editing units and organisation, as well as management of their operation.</p> <p>In 2008, the procedure by which the institutions publish information on the Internet has been changed. The aim of these changes is to ensure involvement of the civil society in the possibly early stage of drafting planning documents and normative acts, to ensure more opportunities for public participation and to develop e-democracy. The regulations are supplemented with a requirement to include new sections on the homepages of the institutions: “Public procurements”, “Participation of society” and “Easy to read”.</p> <p>Pursuant to the government declaration, the development of the concept for electronic identification cards is being continued.</p> <p><i>Plan for Improvement of Usage of E-Procurement System</i> has been submitted to the Cabinet of Ministers.</p> <p>Until June 30, 2010, <i>Electronic Government Development Programme for 2010–2013</i> will be drafted and submitted to the Cabinet of Ministers.</p> <p>Until February 1, 2010, instructions on procedure of information circulation between the state portal <i>www.latvija.lv</i> and the responsible institution pursuant to one-stop shop agency principles, in compliance with Services Directive, will be worked out.</p>	Ministry of Regional Development and Local Government Ministry of Transport

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			– By developing draft Electronic services laws, in order to ensure absorption of the structural funds in the IT sectors	2008-2010	On July 21, 2008, the Cabinet of Ministers Regulations were adopted on activity “ <i>Development of information systems and electronic services</i> ”, by supporting establishment, development and integration of public administration information systems, as well as development and establishment of public administration electronic services. The total available financing is LVL 116.4 million. 13 contracts have been signed on project implementation and allocation of co-financing of ERDF and state budget.	Ministry of Regional Development and Local Government
			– By drafting E-skills development programme for 2010–2015	2009-2010	Until December 15, 2009, <i>E-skills development programme for 2010–2015</i> will be developed.	Ministry of Regional Development and Local Government
			– By developing a safe electronic signature system, improving the information security	2008 2009	As of 2008, resources for e-signature are not allocated from the state budget. As of January 1, 2009, ~ 32 000 officials of public administration institutions and local governments had applied for the e-signature. The amount of the submitted applications for getting the e-signature (in public and local government institutions) was ~26 000, 28 657 e-signatures issued (including entrepreneurs). At the moment, the possibility is being assessed to optimise the costs of e-signature smart cards by organising a central procurement for the purchase of e-signature smart cards.	Ministry of Regional Development and Local Government
			– By developing an electronic election system	2008-2009	In 2008, upon developing the concept of an electronic election system, amendments in the necessary normative acts have been prepared. Technically, the election system is planned to be established until the mid-2010. It will be possible to apply it in 2013 during the local government elections and the European Parliament elections. In accordance with the decision taken during the State Secretaries’ meeting on April 16, 2009, the amendments in the abovementioned laws were withdrawn. On July 23, 2009, during the State Secretaries’ meeting the draft Decree of Cabinet of Ministers “On Cabinet of Ministers Decree of December 17, 2007 No. 810 “On Concept of establishing an electronic election system becoming invalid” was announced.	Ministry of Regional Development and Local Government
			– By establishing and improving national information systems	2008	Software of the 1 st stage of the State Unified Archive Information System has been worked out. It ensures record keeping of funds, files and documents of the state	Ministry of Transport, Ministry of Culture

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2009	archives, as well as supports basic functions of the state archive. The financing in 2008 – LVL 0.6 million. It is planned that in the future everybody will be able not only to request, but also receive the necessary archive references via Internet. The 2 nd stage of the project has been approved and launched on August 7, 2009 (the total financing in 2009–2012 LVL 4 million, out of which from ERDF – LVL 3 million). The project includes improvement of the State Unified Archive Information System, development of its complete functionality, digitalization of the documents from the national archive funds and ensuring their accessibility, as well as ensuring storage and accessibility of electronic data and documents. On July 15, 2009 the 2 nd stage of “Improvement of National Museum Inventory main catalogue” (NMIMC) has been approved and launched. The total project financing for 2009–2012 is LVL 2.3 million, of which LVL 1.7 million is ERDF financing. At least 111 Latvian museums will be involved in the project.	
				2010	In 2010, it is planned to obtain specialised equipment for archives for digitalization of documents, as well as guidelines for developing thematic databases will be worked out and a pilot project launched – development of a database “Administrative reform of local governments”. In the 2 nd half of 2010, it is planned to launch the development of the 2 nd stage of the State Unified Archive Information System, as well as development of the processes for storage and accessibility of electronic data and documents, development of safe accessibility mechanism, software for long-term storage of data and documents, formation of intermediary archive, as well as improvement of infrastructure supporting archiving processes.	
			– By developing and introducing the State Information System Uniter (SISU) – a system collecting data about the object from several state information systems, as a result obtaining an aggregation (service), which is useful to the third person or institution	2007-2011	Joint use e-services platform, the basis of which is SISU and the national portal www.latvija.lv , is available to all public administration and local government institutions for ensuring data exchange in a unified way, as well as for developing e-services. Joint use components are ensured to authenticate the payments, users (by using the e-signature and 3 internet banks), and e-signing of the documents, as well as unified security mechanism. At the end of 2008, 9 partner institutions were connected to the platform and 27 e-services were	Ministry of Regional Development and Local Government

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>implemented directly. In the projects of the next period, 14 new institutions plan to use the platform for developing e-services, thus creating 84 new e-services.</p> <p>11 interdepartmental agreements have been signed with institutions on cooperation within the Integrated state information system.</p> <p>To increase the possibility for the inhabitants to receive services, it is planned to connect new authentication and payment possibilities by the end of 2010.</p> <p>Within SISU, support functions of the electronic unified contact point institution are developed, like a Central Public Services catalogue and the working place of employees of institution, which will also serve as a solution for the implementation of the Services Directive.</p>	
			– By improving co-operation of the state registers	<p>2008</p> <p>2009</p> <p>2010</p>	<p>In 2008, amendments to normative acts were adopted providing additional security requirements in the institutions.</p> <p>Until November 1, 2009:</p> <ul style="list-style-type: none"> – a concept will be worked out and submitted to the Cabinet of Ministers regarding further development of the state information systems and ensuring their maintenance; – it is planned to develop instruction on implementation of state functions in determining threatening cyber attacks. <p>Until March 1, 2010, it is planned to submit proposals to the Cabinet of Ministers regarding the increase of the home page security.</p> <p>In the 1st quarter of 2010, it is planned to draft regulations governing the requirements to be observed for protection of critical state information systems and state information system unifiers. It is also planned to draft regulations governing the procedure of training and knowledge check for state information system safety administrator, as well as the procedure for issuing, renewal, termination and annulment of their certificate.</p>	Ministry of Regional Development and Local Government
			– By establishing a single state portal	2007-2008	<p>The portal <i>www.latvija.lv</i> has been developed, consisting of:</p> <ul style="list-style-type: none"> – <i>Service catalogue/ searcher</i>: a unified virtual contact point for receiving information about public services provided by the public administration and local government institutions, possibilities and conditions to receive their services; – <i>E-services</i>: an individual self-service working place, where the inhabitants may request e-service of public administration or local government 	Ministry of Regional Development and Local Government

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2009	institutions, receive the result of their implementation, in case of necessity to perform payment for the received service, as well as to follow the stage of service implementation, etc. – <i>Guide</i> (links): a catalogue of Internet links of public administration institutions, local governments and NGOs. In 2009, the state portal <i>www.latvija.lv</i> contains the following: – 28 public administration and local government e-services have been introduced; – a public services catalogue has been published and a centralized public services electronic catalogue has been developed.	
				2009-2010	In August 2009, a request was sent to the persons delegated by the institutions to start the input of services, as well as to approve the services already entered in the catalogue for publication in compliance with the principles of a one-stop shop agency, pursuant to the requirements of the Services Directive. The portal <i>www.latvija.lv</i> is being developed as an electronic one-stop shop agency. It is planned to develop a centralised e-document storage function, which will allow the citizens to store centrally the electronic documents sent or received in the framework of the services. The costs of the portal for both activities included in the project for 2009–2010: ~ LVL 100 thousand.	
			– By developing and establishing public administration electronic services, incl., in 2008, 59 public and local government institution electronic services	2008-2010	For integration of the state record-keeping system and local record-keeping systems, a system of document circulation and tasks control (DCTCS) has been developed. In 2010, it is planned to connect DCTCS to the single public sector electronic documents circulation environment. In 2008, within the framework of ERDF, improvement of the electronic documents circulation environment has been started to improve the exchange of information (unified, secure and automated circulation of electronic documents) between public administration institutions, as well as between public administration institutions and inhabitants. The projects will be implemented within the framework of EU structural funds (referable expenses in 2009 – LVL 701 990, in 2010 – LVL 4 million). A unified, integrated information system for implementation of the Social Service Board (SSB) functions and tasks is being	Ministry of Regional Development and Local Government Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					developed. At the beginning of 2009, a respective project was submitted to receive the financing of the ERDF. It is planned to launch the project implementation in the 4 th quarter of 2009 and to complete it in the 3 rd quarter of 2012. The planned project expenses are LVL 1060 thousand, of which LVL 901 thousand – ERDF and LVL 159 thousand – state budget financing).	
			– By developing e-procurement system; – By developing e-auction system	2009	An agreement has been signed on implementation of the project “ <i>Development of functionality of electronic procurement system e-catalogues</i> ”, in which procurement is included for the 1 st stage functionality development of EPS.	Ministry of Regional Development and Local Government
	2.4.	<i>Establishment a favourable and attractive environment for investment and employment</i>				
		2.4.1.	Promotion of the business culture			
			– By developing and implementing annually the <i>Action Plan for Improvement of Business Environment</i>	2005-2013	<i>Action Plan for Improvement of Business Environment</i> for 2009 has been adopted, which contains 69 measures.	Ministry of Economics
			– By developing and implementing the state support programme “Measures for Raising Motivation for Innovations and Starting Business Activity”	2008-2013	Within the framework of the programme, measures have been prescribed to improve the capacity of training personnel, to motivate youth to start business activity, to implement mentoring programmes, to survey and popularise good practice examples. Total financing – LVL 2 million. Until September 1, 2009, 14 procurements have been announced to ensure implementation of different measures related to raising motivation for innovations and business start-ups. It is planned to announce procurement in 4 new activities until September 18, 2009.	Ministry of Economics, Investment and Development Agency of Latvia
			– By developing and implementing the state support programme “Business incubators”	2008-2013	Total financing – LVL 20.2 million. Until August 31, 2009, contracts have been signed with 7 business incubator operators in the regions of Latvia. On May 19, 2009, submission of applications for the tender “ <i>Purchase of business incubation services for development of creative industry sectors in Riga</i> ” was closed. 2 offers were received. It is planned to sign a contract on implementation until September 30, 2009.	Ministry of Economics, Investment and Development Agency of Latvia
			– By establishing “Information Desk” in the Internet	2008-2013	Establishment of “Information Desk” on the website of the Investment and Development Agency of Latvia (IDAL), where the entrepreneurs may inform about administrative burdens and bureaucratic requirements, as well as provide proposals for their elimination. In 2008 and the 1 st half of 2009, 25 claims/proposals regarding administrative requirements to business activities were	Investment and Development Agency of Latvia

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					received.	
			– By performing research on the impact of administrative procedures on entrepreneurship	2007-2013	On the basis of monitoring of the pilot project for measurements of administrative burden on enterprises carried out by the Ministry of Economics and Investment and Development Agency of Latvia, measures are being implemented to reduce the administrative burden in the framework of the Action Plan for Improvement of Business Environment for 2008 and 2009. In 2008 and 2009, studies were carried out on the assessment of the administrative burden in food safety normative regulation and implementation of support measures related to the forestry sector. Proposals on amendments of the Law on Forests and respective Cabinet of Ministers regulations have been developed.	Ministry of Economics, Investment and Development Agency of Latvia, Ministry of Agriculture, State Chancellery
			– By introducing the new <i>Insolvency Law</i>	2009	The new amendments of the <i>Insolvency Law</i> have been adopted by the Saeima in June 2009 and came into force on July 1, 2009. The amendments prescribe changes in the insolvency process of a legal person, insolvency process of a natural person and legal protection process (LPP). Currently, new <i>Amendments to Insolvency Law</i> is being developed; it is planned to submit these amendments for revision at the Cabinet of Ministers by October 1, 2009. It is planned to make LPP more flexible and to abolish the solutions provided currently by the Insolvency Law, as well: (1) settlement and rehabilitation; (2) to make the insolvency procedures more accessible; (3) to make the sales procedure of property in case of bankruptcy more effective; (4) to increase the efficiency of the insolvency procedure administrators; (5) to speed up the liquidation procedures. It is planned to submit the amendments to the Saeima on October 31, 2009, while the adoption of amendments by the Saeima is planned at the beginning of 2010. Guidelines have been developed “ <i>Out-of-court debt restructuring in Latvia</i> ” – the aim is to facilitate application of informal debt restructuring methods besides the existing formal insolvency procedures. To facilitate out-of-court debt restructuring in Latvia, it is planned to organize a seminar in November 2009 about the main principles of the out-of-court debt restructuring.	Ministry of Justice
			– By being aware of the existing administrative restrictions stemming from the national normative acts, which hinder free circulation	2005-2008	The normative acts were assessed in the field of the operation of the Services Directive for adoption of the requirements of the Services Directive and proposals prepared for reduction of administrative	Ministry of Economics

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			of services, and by developing an action plan for their elimination		barriers upon elaborating the informative report “On Revision of Legislation in the Field of Provision of Services and Measures to be Performed for Meeting Requirements of the Article 39 of the Services Directive”.	
			– By eliminating the existing administrative restrictions hindering free circulation of services	2008-2010	Amendments will be prepared in the normative acts for transposition of the requirements of Services Directive by the end of 2009, in order to eliminate the restrictions existing in the national legislation for free circulation of services and rights to perform business activity. A report is being drafted on implementation of the plan of measures “Simplification of Administrative Procedures in the Field of Provision of Services in Relation to Transposition of the Services Directive”, which will include information about the amendments of the normative acts.	Ministry of Economics
			– By promoting accessibility to credit resources and ensuring allocation of financing for development of entrepreneurship at an early stage	2008-2013	Financing envisaged for loans to improve competitiveness of enterprises – LVL 210 million, granted by the MLBL. Until August 20, 2009 loans with the total sum of LVL 11.4 million have been granted, of which LVL 9.1 million – investment loans. Guarantees to improve competitiveness of enterprises are provided by the LGA regarding following financial services: loan for investments; loan for current assets; financial leasing; factoring, where the debtors are enterprises registered in Latvia, as well as LGA provides export credit guarantees. The total available financing is LVL 40 million. Until August 2009, guarantees were granted in the amount of LVL 13.6 million. 35 applications have been submitted for export credit guarantees from 15 companies to receive export credit guarantees (the requested guarantee sum was LVL 8.5 million). Since May 2009, the European Investment Fund (EIF) in the framework of the <i>Holding fund</i> performs selection of financial mediators for the activity “ <i>High risk loans</i> ”, in the framework of which loans will be granted to SMEs. Total financing – LVL 71.7 million (including co-financing of banks – 50%). The selection of the financial mediator for high risk loan instrument was launched in May 2009. In August 2009, applications have been received from 3 banks.	Ministry of Economics
			– By promoting financial accessibility in the form of SME risk capital	2008-2013	Financing in 2008–2013 will be ensured through the <i>Holding fund</i> . Implementation of the <i>State support programme for the risk capital</i> has been launched – its aim is to ensure accessibility in the framework of	Ministry of Economics

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					capital risk programme for financing of rapidly growing SMEs in the early and growing stage of business activities. Public financing: ~ LVL 24 million. In the framework of the risk capital instrument, two financial mediators will be selected; one –risk capital fund manager; second – seed and start-up fund manager. The selection of the risk capital financial mediators was started in December 2008. On 13 July, 2009, in the meeting of the EIF Council, it was decided to entrust the management of the risk capital fund to BaltCap Management Latvia (BaltCap). It is planned to sign agreement with the BaltCap in October 2009.	
			– By co-financing development projects of entrepreneurs in order to promote economic activity in the territories requiring special assistance	2007-2013	<p>Implementation of the activity “<i>Support to investments into development of micro and small enterprises in the territories requiring special assistance</i>” is in the process. During the 1st round of project approvals (from January 14, 2008 until February 22, 2008), 90 contracts were signed with the total sum of LVL 4.3 million.</p> <p>On February 24, 2009, the Cabinet of Ministers adopted Regulations (No. 197) on the activity “<i>Support to investments into development of micro, small and medium-sized enterprises in the territories requiring special assistance</i>”. The available ERDF financing is LVL 21.2 million.</p> <p>Financing available for the next rounds is LVL 21.2 million. The second selection round of projects takes place from May 11, 2009 until December 31, 2009. Until August 2009, approximately 60 projects with the total sum of LVL 6 million have been submitted for revision to the Investment and Development Agency of Latvia.</p>	Ministry of Economics, Investment and Development Agency of Latvia
		2.4.2.	Strengthening supervision of competition			
			– To perform an analysis of competition in the markets, which are suspected to insufficient competition	2008-2009	During 2008–2009, the Competition Council has performed or continues to perform supervision of several important markets. In several of these (intercity bus traffic, sales of text-books, retail trade of food in supermarket environment, car service and repairs, private usage of railroad infrastructure services, wholesale trade of electronic household appliances, etc.) deformation of competition has been detected; for elimination of this, competition promotion or competition protection measures have been performed. In 2008, 6 in-depth studies were organized about the situation of competition in different sectors of economy. On the basis of these studies, proposals for	Ministry of Economics

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2009-2010	improvement of the competition situation have been developed in road construction and engineering construction market, pharmacy market and retail trade market. Further priorities in this sphere include performing supervision and economic analysis in the sectors important for national economy with the aim to ensure preventive implementation of competition policy.	
			– By participating in the development process of sectoral normative acts in the Latvian and EU institutions in order to promote competition in the sectors, where a high administrative regulation level and inefficient utilisation of society resources exists	2008-2009	In 2008, statements have been prepared about more than 30 drafts of legal acts and policy planning documents, as well as about those legal acts, which are in force and regulate competition situation in 14 different sectors. By assessing the draft amendments to the Public Procurement Law (adopted by the Saeima on June 18, 2009), the Competition Council emphasized the necessity to ensure that the regulated procurement procedures are applied to as larger number of procurements as possible, thus ensuring bigger competition from the interested suppliers. Besides, according to the proposals of the Competition Council, a regulation has been introduced into the law according to which suppliers are to be considered as one market participant in the tender, as well as the procedure has been defined more precisely for exclusion from participation in procurements for essential violations of competition rights, thus ensuring possibility not to exclude those market participants, who have provided information about violations of prohibition to enter into cartel agreements.	Ministry of Economics
			– By organizing competition advocacy measures in educating society	2008-2009 2009-2010	In 2008, seminars on competition rights and their practical application had been organized for entrepreneurs, their associations, lawyers, judges and other interested groups. It is planned to continue to inform and educate the general public, market participants, public administration and local government institutions about substantial competition issues.	Ministry of Economics
			– By strengthening professional capacity of the Competition Council	2008-2009	In cooperation with the Federal Ministry of Economics and Technologies of Germany and the federal competition institution <i>Bundeskartellamt</i> , in 2008–2009, in the Competition Council the Transition programme <i>Twinning Light</i> project “Further strengthening of economic research and analysis capacity of the Competition Council” is being implemented. Also other measures for improvement of employee professionalism are extended to introduce	Ministry of Economics

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2009-2010	“more economic approaches” in applying the competition rights. Further priorities are as follows: improving employees’ professional skills, optimization and efficient use of resources, by actively taking over the experience of competition institutions of the EC and other member states in applying competition rights, by participating when possible in the working groups of the ECN and competition forums organized by the OECD.	
			– By applying more efficient competition policy	2008 2009 2009-2010	In 2008, amendments were adopted to the Competition Law, improving the legal environment for implementation of competition protection measures (powers to receive information of the Competition Council were extended, when performing market supervision; the right to sign administrative contract as a settlement for termination of the court’s judgement proceedings, if the market participant commits to perform legal obligations eliminating restriction of competition; procedure for appeals of Competition Council decisions has been changed; procedure for submitting reports has been shortened; responsibility for the abuse of dominant position in retail trade has been established. Some provisions of the Competition Law with respect to prohibition of abuse of dominant position in retail trade and formulating the merge criteria have been clarified. The priority also in the future will be more efficient activity of the Competition Council, using the opportunities ensured by amendments to the law in relation to disclosure of cartels and identification and prevention of violations concerning abuse of dominant position.	Ministry of Economics
			– By continuing liberalisation of network industries	2008	In 2008, the 2 nd round of market analysis was launched with an aim to establish whether market has undergone essential changes that could influence the previous market regulation, as well as to check the efficiency of the previously established regulation.	Public Utilities Commission
			– By establishing a single public utilities regulation institution in the country	2009	Until November 1, 2009, the Public Utilities Commission will take over from local government regulators or municipality councils regulating functions in the respective sectors regulated by these municipalities.	Ministry of Economics, Public Utilities Commission
		2.4.3.	Improvement and development of transport infrastructure			
			– By developing <i>Via Baltica</i> and East-West road	2009-2010	Implementation of the started projects continues, and new projects have been	Ministry of Transport

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			corridors		started. Activities using the ERDF resources are related to: – putting in order the national 1 st class roads; – putting in order the transit streets in the city territories; – improvement of traffic safety in populated areas outside Riga. The projects of Cohesion Fund (financing in 2009 LVL 30.8 million) are related to TEN road network improvements.	
			– By modernising East-West railway corridor	2009	In 2009 the implementation of Cohesion Fund financed railroad projects launched in the previous years is continuing: replacement of rails, sleepers and angular rock, modernisation of train traffic management and system for identification of heated boxes. In 2009 purchases of the last railway shunts were performed. The financing of Cohesion Fund for 2009 – LVL 23.7 million. In December 2008, project selection has been carried out within the Cohesion Fund activity for 2007–2013 planning period “Reconstruction and Development of TEN-T Railway Sections (Development of the East-West Railway Corridor infrastructure and <i>Rail Baltica</i>).	Ministry of Transport
			– By facilitating infrastructure development of Latvian ports and increasing their competitiveness	2009	Reconstruction of access roads and construction of the new ones continues in Liepaja and Ventspils ports. The allocated financing in 2009 – LVL 6.4 million (Cohesion Fund).	Ministry of Transport
			– By ensuring development of Riga International Airport	2008 2009	In October 2008, the runway extension of the airport “Riga” was completed, along with the modernisation of the lighting system and water discharge system. The financing in 2008 – LVL 5.3 million (Cohesion Fund). In 2009 it is planned to start the selection in the CF activity of 2007–2013 planning period “Development of airport infrastructure”.	Ministry of Transport
			– By changing the financing model for the state roads by planning financing from the state budget resources pursuant to a particular share of the excise tax for petroleum products, incl. increasing financing of maintenance and development of the second class roads of the state	2006-2008	Arranging of the second class roads of the state is being performed. The total financing in 2008 is LVL 12 million. In 2009, due to the lack of financing, the programme is not being continued and work is not planned also in 2010.	Ministry of Transport
			– By allocating adequate state financing to the public transport	2006-2009	The state financing for the public transport service providers in 2008 amounted to LVL 74.4 million, in 2009 – LVL 66.9	Ministry of Transport

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					million.	
			– By establishing a unified and rational public transport route network	2008	The project “GPS bases of bus traffic organisation and control system” is implemented, and ERDF repayment to the project is made in full, i.e. LVL 0.52 million. Implementation of the project “Development of Riga suburb railway passenger transportation system” was continued. The financing in 2008 – LVL 7.47 million, incl. ERDF – LVL 3.51 million, and repayment to the ERDF project is made in the amount of LVL 4.8 million.	Ministry of Transport
		2.4.4.	To implement the administrative territorial reform and promote development of local governments			
			– By implementing the administrative territorial reform before the local government elections of 2009	2005-2013	In 2009, the administrative territorial reform was implemented and the local government elections of 2009 were held in the new structure. In the framework of EU structural funds for 2007–2013, ERDF priority “ <i>Polycentric development</i> ” is being implemented. Support in the framework of the priority is provided to 17 local governments by investing into innovative development problem solutions, which allow the cities to emphasize and strengthen their specific development potential and positively influence the development of surrounding territories. The total financing allocated for the priority is LVL 217.5 million.	Ministry of Regional Development and Local Government
			– By promoting diversification of rural economy and development of favourable conditions, as well as development of the necessary infrastructure	2008	By implementing the measure “ <i>Promotion of reorganization and development of rural areas</i> ”, in 2008, over-obligations were undertaken within the measure in the amount of LVL 5.7 million, since during the implementation process of the measure, very high interest of the potential recipients of support was observed regarding particular activities of this measure.	Ministry of Agriculture
			– By creating favourable conditions for establishment and development of tourism and culture tourism products and services	2008-2013	Absorption of the resources of EU funds is started for the planning period of 2007–2013, the total planned financing was LVL 15.5 million for the measure “Tourism”. The measure consists of two activities. In 2009, in the framework of the activity “ <i>Development of Nationally Important Tourism Products by Conservation, Restoration and Adjustment of Urban Monument Infrastructure</i> ” contracts were signed on the implementation of 8 projects, for the total ERDF financing of LVL 5.2 million. It is planned to complete these projects by 2012. In the framework of the activity “ <i>Development of Velo Tourism Product of</i>	Ministry of Economics

Annex 1. List of measures of the NLPL, status and financing

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			production capacities or reconstruction of the existing equipment in order to increase their capacities	2009	competition on establishment of new production capacities or reconstruction of the existing equipment in order to increase their capacities in the situation, when the safety of the state electricity supply is threatened by the insufficiency of production capacities within or outside Latvia and urgent establishment of new production capacities is necessary, but it has not been possible to compensate it by increasing production capacities or introducing new production equipment. On December 22, 2008, the Cabinet of Ministers adopted Regulations (No. 1112) on competition for payment of production capacity of electricity to be introduced. At the moment, the conditions are being coordinated with the European Commission. In February 2009, an initial communication on competition for payment of capacities was submitted to the representatives of the Directorate General for Competition of the European Commission (DG COMP). The competition will be announced only after the receipt of the European Commission's opinion.	
		2.4.6.	Ensuring Resource Sustainability			
			– By setting up balanced volumes of compulsory procurement for new energy sources, if renewable energy resources are used for energy generation	2004-2008	Implementation of the national programme "Improvement of Heat Supply Systems by Reducing the Content of Sulphur in Fuel" developed in 2004 is completed. Financing for 2007–2008: LVL 7.1 million, incl. financing from the ERDF – LVL 4.1 million.	Ministry of Economics
			– By implementing pilot projects, where energy would be generated from renewable energy resources less used in Latvia, including biogas	2009-2011	In 2009, 2 pilot projects have been approved, where energy is generated from renewable energy resources less used in Latvia (biodegradable municipal waste and application of sun and pellets). The projects are co-financed from the programme of EEA financial instrument; the term of implementation is January 31, 2011.	Ministry of Environment
			– By application of support mechanism for compulsory procurement of renewable energy resources, which provides guaranteed purchase price on electricity produced using renewable energy resources	2008-2010	On February 24, 2009, the Regulations (No. 198) of the Cabinet of Ministers on production of electricity from renewable energy resources and on pricing procedure amended on May 26, 2009 have been approved.	Ministry of Economics
			– By preparing recommendations for application of the "green procurement" in public administration, as well as	2008-2010	On December 22, 2008, the Cabinet of Ministers approved the informative report on recommendations for promotion of "green procurement" in public administration and local government	Ministry of Environment

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			central and local government institutions		institutions and recommendations for promotion of environmentally friendly construction. In 2009, the work continued on updating the current recommendations and development of new recommendations for three new groups of products/services.	
			– By establishing specially protected marine nature territories and establishing micro-reserves	2009	In the framework of the EU <i>LIFE Nature</i> project “Marine Protected Areas in the Eastern Part of the Baltic Sea” a scientific research on potentially protected marine territories has been performed. In 2009, recommendations for 7 potentially protected marine territories have been prepared. Nature protection plans are developed for 2 future protected marine territories and the recommendations prepared establish individual regulations for protection and utilisation of the protected territories.	Ministry of Environment
			– By developing and implementing a national programme “Preservation of Biological Diversity <i>ex situ</i> and Establishment of Environmental Education Infrastructure”	2007-2013	In order to implement the programme, ERDF financing in the amount of LVL 2.13 million and national financing of LVL 0.38 million is planned to be used (2007–2013). It is planned to start the activity in 2010.	Ministry of Environment
			– By ensuring a favourable conservation status for specially conservation protected species and biotopes and developing the <i>Natura 2000</i> network	2007-2013	In the framework of Latvian Rural Development Programme for 2007–2013, the activities “Less Favourable Areas” and “Natura 2000 Payments” are now being implemented. The total approved public financing for applications approved by August 31, 2009: – Natura 2000 payments and payments related to the Directive 2000/60/EC – LVL 2.7 million; – Agro-environment payments – LVL 86.6 million.	Ministry of Agriculture
			– By continuing to develop water management infrastructure in cities and populated areas	2007-2013	In 2008, in the framework of water management infrastructure projects of the Cohesion Fund, 25 km and 39 km of sewerage networks were reconstructed and expanded and 13 km and 63 km of water-supply networks, 22 pumping stations and 3 drinking water treatment stations were built/reconstructed. In 2008, financing from the Cohesion Fund and national financing was LVL 100.7 million. The largest part of the CF water management projects of the programming period for 2004–2006 will be completely implemented in 2009. In order to implement these projects, the financing amounts to LVL 38.8 million according to the Law on the State Budget for 2009 (financing from the state budget and the CF). Financing for long-term obligations	Ministry of Environment

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>in 2010 is LVL 4.9 million (financing from the state budget and the CF) for financing of 2 water management projects, which will be continued in 2010.</p> <p>The implementation of the projects of the financial programming period for 2004–2006 supported by the ERDF was completed in 2008. Wastewater treatment facilities, water treatment plants and sewage and water supply networks were reconstructed and built.</p> <p>ERDF financing in the programming period for 2007–2013: LVL 100.8 million, CF financing – LVL 294.8 million, national financing – LVL 67.7 million. Financing for the implementation of the activity in 2009 amounts to LVL 69.8 million.</p>	
			– By continuing to establish a regional system of municipal waste management	2007–2013	<p>Payments for waste management made in 2008 (incl. hazardous waste management) from the Cohesion Fund and the state budget – LVL 11.2 million (the programme of the previous programming period) implementing waste management infrastructure projects in 3 regions. In 2009, the planned financing amounts to LVL 9.1 million.</p> <p>Financing planned in the period of 2007–2013 for establishment of regional waste management system: financing from the Cohesion Fund – LVL 28.2 million, national financing – LVL 5 million.</p> <p>In 2009, the planned financing amounts to LVL 1.3 million. In 2010, it is planned to attract financing in the amount of LVL 16.6 million.</p>	Ministry of Environment
			– By promoting municipal waste processing and establishing a divided waste collection system	2005–2013	<p>It is planned to support the establishment of divided waste management infrastructure. In 2008, with a support from the Cohesion Fund 233 waste separation and collection points have been established, 313 containers for waste separation have been set up and 1 waste composting field has been created. With the support from the ERDF in the programming period of 2004–2006 (the implementation of the project was completed in 2008) 142 waste separation and collection points have been established, setting up containers for waste separation, creating 4 waste composting fields and 4 waste separation fields.</p> <p>Financing planned for 2007–2013 for waste processing and establishment of a system of divided waste collection from the Cohesion Fund – LVL 49 million, private financing – LVL 49 million.</p>	Ministry of Environment

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			– By reducing the volume of methane emissions from waste disposal areas, landfills and wastewater treatment facilities	2005-2013	In the period of 2006–2009, it is planned to close all dumpsites, which do not comply with the normative act requirements. It is planned to implement re-cultivation of dumpsites by 2013 that do not comply with the normative act requirements, which was not possible in the period of 2000–2006 due to the lack of access to the EU funds in order to support local governments with limited financial resources. In 2008, the recovery of 81 dumpsites of 110 ha has been implemented with the support of the Cohesion Fund. However, in the programming period of 2004–2006 (the project was completed in 2008), 47 dumpsites of 79 ha have been recovered with a support from the ERDF. Financing planned for 2007–2013 for reduction of methane emissions from waste disposal areas, landfills and wastewater treatment facilities from the Cohesion Fund – LVL 13.8 million, national financing – LVL 6.5 million. Financing for 2009 – LVL 1.3 million. In 2010, it is planned to attract financing in the amount of LVL 5.1 million. Sewage and methane processing is implemented for production of heat supply and electricity in the cogeneration plant “Daugavgrīva”.	Ministry of Environment
			– By promoting attraction of carbon dioxide, by supporting increase of forest stands and afforestation of the land not used in agriculture	2008-2013	Implementation of the activity “ <i>Primary Afforestation of the Land not Used in Agriculture</i> ”. Financing for 2008–2013: LVL 1.519 million per year. Taking into account the budget situation, at the moment it is planned to implement one more application round of projects in 2009 with financing in the amount of LVL 5 million. Since 2010, the activity will be not planned. Financing for the activity “ <i>Improvement of the Economic Value of Forests</i> ” for 2008–2013: LVL 5.320 million per year. In the 2 nd half of 2009, it is planned to start accepting projects in accordance with a new procedure, which foresees reduction of administrative burden.	Ministry of Agriculture
			– By promoting energy saving and efficient use in buildings and heat supply systems	2006-2009	The <i>Apartment House Renovation Programme</i> has been developed. In the period of 2007–2013, LVL 21.06 million are available for energy efficiency of buildings. From 2008, financing is available for energy efficiency measures in social dwelling houses, but from 2009, financing is available for energy efficiency measures in multi-apartment houses.	Ministry of Economics

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
3.	Employment Policy Guidelines					
	3.1.	Life-Cycle Approach to Employment				
		3.1.1.	To support integration of unemployed young people and job seekers in the labour market			
			– By providing practice places and subsidizing employment measures for the unemployed young persons	2005-2008 2008-2013	The activity “Ensuring Work Practices for the Unemployed Young Persons” was concluded in 2008. Financing for 2008 – LVL 0.22 million, incl. LVL 0.165 million from the ESF. From 2008–2013, it is planned to implement the activity “Supported Employment Measures for the Unemployed Persons from Specific Target Groups” (in total LVL 2.98 million). The first round of the measure – August 29, 2008–December 31, 2009, financing – LVL 579 128. It is planned to involve 23 unemployed persons in the first round.	Ministry of Welfare
			– By providing training and work practices to the unemployed young persons and employed persons, business starters and new enterprises	2008-2013	Projects to be implemented: – Prevention of Unemployment, total financing – LVL 9.97 million, involving 11 000 persons. In 2009, the financing in the amount of LVL 1.8 million (2000 persons), in 2010 – LVL 3.6 million (4000 persons); – Support for the Implementation of Local Action Plans for Promotion of Employment (including exceptional employment programme during the crisis period); total financing – LVL 24 million, involving 50 000 persons. In 2009, the financing amounts to LVL 8 million (17 500 persons), in 2010 – LVL 15.9 million (32 500 persons).	Ministry of Welfare
			– By providing work places for young persons aged 13-18 years during summer holidays	2007-2013	In 2008, the measure involved 11 222 pupils, including 173 pupils with disabilities. Financing for 2008 – LVL 1.141 million. In 2009 and 2010, the measure will not be implemented due to insufficient budget resources.	Ministry of Welfare
			– By promoting a return of young persons of Latvian origin living abroad to Latvia	2007-2010	Due to the lack of financing, the decision on implementation of the project was made only in April 2008, and young persons willing to participate in the project were supposed to cover travel and accommodation costs, thus 3 young persons were involved in the project. Taking into account the complicated situation in the labour market and limited financial and human resources, the decision was made in the meeting on May 26, 2009 of the Cabinet of Ministers to acknowledge the execution of protocol decision of the meeting of the Cabinet of Ministers on April 1, 2008 “On Implementation of the Action Plan for Summer Employment of Young Persons of Latvian Origin Living	Ministry of Welfare

[illegible]

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<i>Accessibility of Alternative Care Services</i> ” co-financed by the EU funds, the assessment of the project applications has been completed (16 projects were approved in the total amount of LVL 2.3 million and it is being discussed on the concluding procedure of implemented projects). Until September 30, 2009, it is planned to announce the 2 nd round of the project application selection. In the framework of these activities it is planned to increase availability of services for pre-school age children and other dependant persons.	
			– By organising measures to raise motivation of persons after child care leave and long-term unemployment	2005-2008 2008-2013	<p>The SEA has provided career consultations for persons after child care leave (3270 persons in 2008).</p> <p>In 2008, the following persons after child care leave participated in the activities organised by the SEA:</p> <ul style="list-style-type: none"> – 210 persons have been involved in the professional training, retraining and improvement of professional skills; – 4068 persons have been involved in the measures to raise competitiveness; – 101 persons in paid temporary work; – 19 persons in the measures for certain groups of persons. <p>In 2008–2013, it is planned to implement projects promoting supported employment measures, involving unemployed young persons, pre-retirement age unemployed persons, persons being two months after child care leave, long-term unemployed persons, etc. The planned financing – LVL 2.98 million. In 2008 and 2009, the documentation for the measure “<i>Supported Employment Measures for Unemployed Persons from Specific Target Groups</i>” has been developed. It is planned that by December 31, 2009, 23 unemployed persons will complete the active employment measures for specific groups. In 2010, it is planned that 101 unemployed persons will complete the active employment measures for specific groups.</p>	Ministry of Welfare
		3.1.4.	To include pre-retirement age persons in the labour market			
			– By developing active employment measures organised by the SEA	2006-2008	<p>Pre-retirement and retirement age unemployed persons were involved in all active employment measures. This target group has additional measures: “<i>Subsidised Workplaces for Pre-Retirement Age Unemployed Persons</i>” and measure “<i>Prolongation of Active Working Life for Seniors</i>”.</p> <p>In 2008, in the project “Senior Training” (ESF project in the period of 2004–2008), 6351 retirement and pre-retirement age unemployed persons were involved in</p>	Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2008-2013	<p>measures for increasing competitiveness. It is planned to implement:</p> <ul style="list-style-type: none"> – Projects promoting supported employment measures, involving unemployed young persons, pre-retirement age unemployed persons, persons being two months after child care leave, long-term unemployed persons, etc. The planned financing – LVL 2.98 million. – Projects supporting employment measures, by supporting social risk groups: economically inactive persons and unemployed persons, incl. persons aged 15-24 facing difficulties to integrate in the labour market, persons with disabilities, persons being 6 months after the end of child care leave, pre-retirement age unemployed persons, former prisoners, addicted persons and their family members, persons returning to Latvia after residence abroad facing difficulties to integrate in the labour market (complex support measures for the integration of population in the labour market). The planned financing – LVL 9 million. 	
	3.2.	Inclusion in the Labour Market				
		3.2.1.	To improve and diversify active labour market policy and preventive unemployment reduction measures			
			– By improving active employment policy measures	<p>2007-2008</p> <p>2008-2013</p>	<p>In 2008, LVL 10.61 million have been spent by the SEA for implementation of active employment policy measures, including ESF financing – LVL 1.068 million.</p> <p>In relation to the economic situation in the country, additional financing has been allocated for implementation of the measure “<i>Unemployment Prevention</i>” – the total financing planned (2010–2013) – LVL 9.97 million.</p> <p>Training for unemployed and job-seekers – the total financing (2007–2013) LVL 33.7 million. In 2009, the allocated financing amounts to LVL 10.1 million. The financing planned for the 1st round of the measure (June 9, 2008–June 30, 2010) does not ensure availability of training to the rapidly increasing number of unemployed persons and job-seekers (18 000 unemployed persons involved). It is planned to start the 2nd round (September 1, 2009–December 31, 2009) earlier providing training for 28 126 unemployed persons using financing allocated for 2010. In 2008, the measure involved 2864 persons, in the 1st half of 2009 – 8921 persons. In the 2nd half of 2009, it is</p>	Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					planned to involve 20 366 persons, in 2010 – 7913 persons.	
			– By implementing complex support measures for inclusion of economically inactive population in the labour market	2008-2013	The inclusion of economically inactive population in the labour market in co-operation with local governments, social service providers, employers and their associations, education institutions, non-governmental organisations in the framework of the measure “ <i>Complex Support Measures</i> ”. Planned financing – LVL 9 million. In 2009, the financing is planned in the amount of LVL 1.9 million. It is expected to involve 2000 persons, 7555 persons by 2013.	Ministry of Welfare
			– By improving professional training and retraining of the unemployed and raising professional skills; implementing measures to increase competitiveness, incl. language training and establishment of paid temporary work	2008-2013	It is planned to implement a measure “ <i>Unemployment Prevention</i> ” – the total financing planned – LVL 9.97 million. The sub-activity “ <i>Support to the Training of Potential Unemployed</i> ” will be implemented from September 1, 2009 until December 31, 2013, the total financing – LVL 9.97 million. It is planned to involve 11 000 persons. In 2009 – LVL 1.8 million, it is planned to involve 2000 persons. In 2010 – LVL 3.6 million, it is planned to involve 4000 persons.	Ministry of Welfare
			– By organising subsidised classes and workplaces for the disabled and other socially excluded risk groups	2008-2013	It is planned to implement the supported employment measures for target groups in the framework of measures for certain groups, involving unemployed young persons, pre-retirement age unemployed persons, persons being two months after child care leave, long-term unemployed persons, people with disabilities, etc. Planned financing – LVL 2.98 million.	Ministry of Welfare
		3.2.2.	To develop the system of social services			
			– By improving the availability of professional and social rehabilitation services integrating persons with functional disorders into the society	2004-2008 2008-2010	14 projects have been implemented within the grant scheme “ <i>Development and Implementation of Professional Rehabilitation Programmes</i> ”. In 2008, LVL 1 million was used. The total sum used for grants scheme amounts to LVL 3.7 million, of which LVL 2.9 million is the financing of the ESF. In the framework of the grant scheme “ <i>Development of Alternative Social Care and Social Rehabilitation Services</i> ” 14 projects have been implemented, in 2008, LVL 17.4 thousand have been used for the grant scheme. In total, LVL 1.9 million have been used for the grant scheme, of which LVL 1.2 million is from the ERDF. In the framework of the ERDF, it is planned to implement the project “ <i>Improvement of the Infrastructure of the Social Integration State Agency for Providing Professional Rehabilitation Services</i> ” in the total amount of LVL 2.627 million, incl.: LVL 0.038 million	Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					in the 2 nd half of 2008; LVL 1.433 million in 2009; LVL 1.156 million in 2010.	
			– By developing professional social work in local governments	2007-2010	<p>Since 2007, the state earmarked subsidy was granted to local governments for partial salary and state social insurance contributions of social workers with the 2nd level professional education or academic education in the sphere of social work or workers, who are in the study process and working in the social service of local governments and municipal councils/boards performing social work with families and children.</p> <p>In 2008, the average number of beneficiaries of the earmarked subsidies was 210 social workers from 88 local governments, spending LVL 2.5 million for the implementation of this activity.</p> <p>In the 1st half of 2009, LVL 1.5 million were spent on earmarked subsidies.</p> <p>Due to the state determined reduction of expenditures, the payment of earmarked subsidies to social workers working in the local governments with families and children has been stopped from June 1, 2009 until January 1, 2013.</p>	Ministry of Welfare
	3.3.	Labour Market Needs				
		3.3.1.	To establish a system for long-term forecasting of the labour market			
			– By organising the forecasting of labour market	2007-2015	<p>The medium-term labour market forecasts had been developed in 2008 for the first time and the first <i>Informative Report on the Forecasts Regarding Compliance of Labour Demand and Supply in the Medium-Term</i> had been prepared.</p> <p>The labour market forecasts are being reviewed annually and the Informative Reports are being updated.</p>	Ministry of Economics
		3.3.2.	To develop and strengthen labour market institutions, employment partnerships and social dialogue on the regional, sectoral and enterprise levels			
			– By strengthening labour market institutions	2008-2013	<p>The measure “<i>Strengthening Capacity of Labour Market Institutions</i>” will be implemented.</p> <p>The total financing – LVL 2.4 million.</p> <p>In 2009, 89 persons were trained in the framework of the measure, in the 2nd half of 2009 it is planned to train 111 persons, in 2010 – 200 persons.</p>	Ministry of Welfare
	3.4.	Labour Market Flexibility				
		3.4.1.	To improve the system of the labour security and health protection at work			
			– <i>Amendments to the Labour Law</i>	2009-2010	<p>Adopted by the Saeima on June 15, 2009.</p> <p>The amendments may be divided into several blocks:</p> <ol style="list-style-type: none"> 1) Specifications regarding flexibility and security in employment legal relations; 2) Recommendations for reduction of undeclared and illegal employment; 3) The norms specifying the current 	Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					regulation. The term for submitting recommendations to the 2 nd reading is August 29, 2009. Until the end of the year, the work on amendments will be continued in the Saeima together with the State Labour Inspectorate (hereinafter – SLI) and social partners.	
			– By improving infrastructure of the State Labour Inspectorate and strengthening administrative capacities	2008-2009	It is planned to establish an Informative Centre of the SLI by October 2009. The Centre was established with a co-financing of the EU funds. These resources are used also for establishment of the SLI system of human resources planning, as well as for education and training of the employees. In 2009, a lot has been done for improving professional skills of the employees.	Ministry of Welfare
			– By improving supervision of labour security systems and labour relations	2008-2009	In 2008–2009, it is planned to implement a measure <i>“Practical Application of the Legislation on Labour Relations, Labour Security and Health, and Improvement of Supervision”</i> .	Ministry of Welfare
			– By improving practical application of requirements on labour relations and labour security in the sectors and enterprises	2008-2013	The ESF activity <i>“Practical Application of the Legislation on Labour Security and Health and Labour Relations in Sectors and Enterprises”</i> has been approved and launched (implemented by the Employers’ Confederation of Latvia) in order to promote practical application of the requirements of normative acts on labour legal relations and labour security, reduce the number of violations of labour legal relations and accidents and create socially responsible business. The financing available for the activity amounts to LVL 6.95 million, including financing from the ESF in the amount of LVL 5.9 million. In the period of 2008–2013, it is planned to implement activity <i>“Improvement of the Supervision Regarding the Implementation of Normative Acts Concerning Labour Relations and Labour Security”</i> (implemented by the Free Trade Union Confederation of Latvia). The total available financing amounts to LVL 2.89 million, including ESF financing of LVL 2.46 million. In the framework of the projects the establishment of 5 consultative centres was launched in 2008 with a purpose of informing employers and consulting on issues related to labour legal relations and labour security; the centres will operate for the whole time of the project until 2013; consultation services have also been initiated in the field of employment dispute settlement. In 2009 and 2010, several informative measures are planned in different media and oriented to the work with different groups of population.	Ministry of Welfare

Measures of the National Lisbon Programme of Latvia			Years	Implementation and financing of measures	Responsible institution
		3.4.2.	To reduce undeclared employment		
			– By increasing the minimum wage	2006-2010 Since January 1, 2008, the minimum wage had been increased from LVL 120 to LVL 160. Since January 1, 2009, the minimum wage had been increased from LVL 160 to LVL 180.	Ministry of Welfare
			– By introducing certificates of the employed persons in the sectors with a high rate of undeclared employment	2008-2010 On January 29, 2008, the Regulations No. 48 “Amendments to the Regulations No. 92 of February 25, 2003 “Labour Security Requirements in Performing Construction Works””, which specify that the main contractor shall list the employees, specifying their employer, if there are several contractors in one construction site. The contractor or the general contractor issues each employee a certificate of an employed person. On April 17, 2008, the Saeima has adopted amendments to the Latvian Administrative Violations Code providing more severe penalties for violations of the Labour Law, incl. for undeclared employment and in the spheres of Labour Security Law. From September 2008, the certificates of employed persons are introduced also in the forestry sector.	Ministry of Welfare, Ministry of Finance
		3.4.3.	To support business start-ups and promote geographic mobility in the least developed regions		
			– By promoting measures regarding business start-ups	2005-2008 2009 On the basis of the agreement of May 8, 2006 concluded between the Mortgage and Land Bank of Latvia (MLBL), the Ministry of Economics and the SEA, ALTUM implements financial support programme for training, consultations and financial support for business starters co-financed by the ESF. Within the framework of the programme 998 persons have received training on basic economic activities and 327 persons have received financial support (in the form of loans or grants) for implementation of their business plans. The implementation of the programme was concluded on October 31, 2008. On March 31, 2009 the Regulations of the Cabinet of Ministers (No. 293) on the activity “Support for Self-Employment and Business Start-Ups” was approved. The total financing of the programme amounts to LVL 23 million, including LVL 14 million from the ESF and state budget, co-financing from the MLBL in the amount of LVL 9 million. It is planned to implement the programme from August 7, 2009 until June 30, 2015. In the framework of the implemented project, it is planned that at least 1200 persons will receive training and	Ministry of Economics

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2010	<p>advisory support and at least 600 persons will receive financial support for the implementation of their business plan. In 2009, the financing available from the ESF and state budget for the implementation of the project amounts to LVL 1.4 million.</p> <p>Within the total financing of the project, LVL 17.5 million are planned for loans, LVL 4 million for grants, training and consultations, but LVL 1.5 million for administration and management of the programme.</p> <p>The project's implementation will continue in 2010 – ensuring training and consultations to business starters and providing loans and grants.</p>	
			– By supporting investments in small and medium-sized enterprises in the territories requiring special assistance	2000-2008	<p>Grant schemes and tax allowances are used for supporting enterprises in the territories requiring special assistance. The grant scheme “<i>Support to Investments in the Development of Enterprises in the Territories Requiring Special Assistance</i>” (2004–2006, with the use of resources until the end of 2008). Since January 1, 2004, 168 projects in the amount of LVL 8.8 million have been implemented. The payments amounting to LVL 4.2 million have been made, which constitutes 95.22% of the total financing from the ERDF (LVL 4.4 million).</p> <p>The national programme “<i>Development of Entrepreneurship in the Territories Requiring Special Assistance</i>” (1998–Spring 2004, with the use of resources until 2011). In 2008, the beneficiaries of the funding received LVL 200 thousand, in the 1st half of 2009 – LVL 33.9 thousand.</p> <p>The national programme “<i>Income Tax Allowances in the Territories Requiring Special Assistance</i>” (1998–end of 2009). In 2008, 14 project applications for tax allowances were received and approved by the Interinstitutional Evaluation Commission and the National Regional Development Council.</p> <p>Since 2000, the crediting programme for development of Latvian SMEs is being introduced and implemented with the assistance of the MLBL. In the framework of the crediting programme for development of Latvian SMEs, the financing of specific SME projects supported by the EU programmes is continued – business starters, rapidly growing SMEs, SMEs in regions requiring special assistance and female-owned SMEs.</p> <p>On February 24, 2009, the Regulations</p>	<p>Ministry of Regional Development and Local Government</p> <p>Ministry of Economics</p>
				2009-2013		

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					(No. 197) on the activity “ <i>Support for Investments in Micro, Small and Medium-sized Enterprises in the Territories Requiring Special Assistance</i> ” was approved. The total available financing is LVL 21.2 million. See more detailed information in the Section 2.4.1.	
			– By promoting diversification of rural economy	2007-2013	All measures are implemented in the framework of the Rural Development Programme of Latvia for 2007–2013. The implementation of the measure “ <i>Support for Establishment and Development of Enterprises</i> ” was started in 2007. In 2008, in the framework of the measure, 3 additional rounds for accepting applications were announced with a total public financing of LVL 30.3 million. The activity of applicants was high, especially for the sub-activity “Energy Production from Biomass of Agricultural and Forestry Origin”. In the end of 2009, one more round for accepting project applications was announced with a total public financing of LVL 3 million. The implementation of the measure “ <i>Basic Services for Economy and Population</i> ” was launched in 2008 – 4 rounds for accepting applications were announced with a total public financing of LVL 45 million. In 2009, 3 rounds for accepting applications were announced in the framework of the measure and with a total public financing of LVL 16 million. By announcing 1 round for accepting project applications with a total public financing of LVL 1.5 million, the implementation of the measure “ <i>Preservation and Renewal of Rural Heritage</i> ” was started in 2008; 10 project applications were submitted for the total public financing in the amount of LVL 1.2 million.	Ministry of Agriculture
	3.5.	<i>Investment in Human Capital</i>				
		3.5.1.	To improve the ability of education system and students to adapt to the changing requirements of the labour market			
			– By balancing the number of students in general and professional education programmes by taking into account the results of long-term forecasts of the labour market	2008-2010 2007-2013	On September 16, 2009, the Cabinet of Ministers approved the concept “ <i>Increase of the professional education attractiveness and involvement of social partners in the quality provision of professional education</i> ” the aim of which is to determine solutions of the main problems regarding the implementation of the professional education policy and the agreement between the state and social partners on the type of solution before the development of a new Draft Law on Professional Education scheduled for 2010. Implementation of 2007–2013 EU structural funds activity “ <i>Promotion of</i>	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<i>attractiveness of the primary professional education</i> ". Support has been foreseen for the promotion of the attractiveness of the primary professional education by granting targeted scholarships for young people acquiring the primary professional education and thus improving the quality of the acquired education and promoting the motivation of young people to obtain professional education and qualifications. Available financing – LVL 25.5 million.	
			– By improving the professional education programmes	2007-2013	In 2007–2013, it is planned to implement the EU structural funds activity <i>"Development of the Sector Qualification System and Restructuring of the Professional Education"</i> . Planned financing – LVL 3 million.	Ministry of Education and Science
			– By modernising material and technical provision of professional education institutions	2007-2013	In 2008, the implementation of 2004–2006 EU structural funds activity <i>"Renovation of professional education institutions and modernisation of study equipment"</i> was completed. Infrastructure has been modernised in 25 education institutions, including the renovation of 12 institutions and provision of access for persons with functional disorders in 2 institutions. Financing available – LVL 3.7 million. In 2007–2013, it is planned to implement the EU structural funds activity <i>"Modernisation of the study equipment and improvement of infrastructure for implementation of professional education programmes"</i> . Planned financing – LVL 58.9 million. The 1 st selection round of the project applications has been launched.	Ministry of Education and Science
			– By promoting modernisation of professional and higher education and practical training system, acquisition of adequate knowledge, skills and abilities in economic sectors important to regions	2009-2010	Implementation of 2004–2006 EU structural funds activity <i>"Improvement of educational programmes in the economically important sectors within primary professional education"</i> . Financing available – LVL 5.7 million. 82 projects have been implemented, developing new study programmes and launching their implementation in the science and technology sectors of higher education study programmes and economically important sectors of the professional education study programmes. Implementation of 2004–2006 EU structural funds activity <i>"Support to implementation of training practice for the students of professional education and higher education"</i> has been completed. 177 projects have been implemented, improving the content of the study practice, elaborating the study methodical materials and improving the study practice. Total available financing – LVL 975 thousand.	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>On December 22, 2008, amendments were drafted to the Cabinet of Ministers regulations No. 211 of June 27, 2007 “On the national professional secondary education standard and the national vocational education standard” in order to improve the compulsory general educational content of professional secondary education and vocational education by ensuring the compliance of the compulsory general educational content of the professional secondary education and vocational education, which includes general education subjects, with the compulsory content for the general secondary educational programmes. Implementation of the following 2007–2013 EU structural funds activities has been launched:</p> <ul style="list-style-type: none"> – “Support to improvement and implementation of primary professional education programme quality”. In 2009, the assessment of project applications has been launched; 67 project applications have been submitted; – “Improvement of study programme contents, its implementation and competence of academic personnel”. Total financing – LVL 6.6 million. 	
			– By developing and implementing an information campaign in order to raise the prestige of engineering sciences, natural sciences, medicine and other fields necessary for the development of Latvia	2005–2010	<p>Implementation of 2004–2006 EU structural funds activity “Implementation of study programmes and improvement of the quality of the study process in natural sciences and technology-intensive sectors” has been completed. Financing available – LVL 10.32 million. 64 projects have been implemented, developing new study programmes and starting their implementation in science and technology-intensive sectors of higher education study programmes and economically important sectors of the professional education study programmes.</p> <p>In the framework of the EEA NO financial instrument priority “Development of Human Resources and Education”, in 2008, 2 projects have been launched, which will result in the implementation of 2 new study courses in the field of environmental education in the higher education institutions. Total public financing – LVL 101 432.</p> <p>Implementation of 2004–2006 EU structural funds activity “Extension of further education opportunities in the sectors important for the economy” has been completed. Financing available – LVL 1.3 million. 36 projects have been implemented developing further education programmes.</p> <p>In the framework of the EEA NO financial</p>	Ministry of Education and Science, Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>instrument priority “Development of Human Resources and Education”, in 2009, a project has been launched aiming at the establishment of the Vidzeme Further Education Centre, as well as at the improvement of the existing professional further education programmes. Total public financing – LVL 51 264.</p> <p>On January 16, 2009, the Cabinet of Ministers approved the concept “<i>Structural model for the breakdown of higher education study programmes by sectors</i>”. In 2010, it is planned to complete the analysis of the breakdown of study places by sectors, and if necessary the number of study places will be adjusted in compliance with the priorities defined in the country.</p>	
		3.5.2.	To improve availability of education at all levels, reduce the number of students expelled from education institutions			
			– By integrating young persons in the education system	2005–2010	<p>95% of compulsory education age children are included in the education system.</p> <p>In 2008, 24 pedagogical correction groups were established which included in total 404 students. In 2009, 26 pedagogical correction groups were established, which included in total 428 students.</p> <p>On August 20, 2008, the implementation of 2004–2006 EU structural funds activity “<i>Provision of career education programmes in the education system</i>” was completed. The base has been provided for career education. Additional education was provided to 5390 teachers working in education institutions. A new professional masters study programme has been developed in e-form for the obtaining a career consultant qualification.</p> <p>National database of learning opportunities <i>NIID.LV</i> has been established and is maintained. The project was completed in August 2008. Individual professional orientation and career education projects have been implemented in more than 150 education institutions.</p> <p>In 2008, the implementation of 137 projects in the framework of 2004–2006 EU structural funds activity “<i>Professional orientation and consultation measures in education institutions</i>” has been completed (total available financing – LVL 972 thousand), in the context of which career education measures were implemented in professional education institutions, general education institutions and enterprises.</p> <p>In 2008, the implementation of 2004–2006 EU structural funds activity “<i>Development and implementation of pedagogical correction programmes</i>” was completed. 28 projects have</p>	Ministry of Education and Science, Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>been implemented aimed at involvement of young persons with low level of preliminary knowledge in the general and professional education institutions. Total available financing – LVL 1 million.</p> <p>In 2008, the implementation of 36 projects in the framework of 2004–2006 EU structural funds activity <i>“Integration of young persons with special needs into the education system”</i> was completed. Available financing – LVL 1.38 million.</p> <p>In 2008, the implementation of 2004–2006 EU structural funds activity <i>“Development, approbation and implementation of the pedagogical correction programmes for prisoners”</i> was completed – methodically and organisationally adjusted pedagogical correction programmes for imprisoned young persons have been worked out and approved. 253 imprisoned persons have taken part in the training. Total financing – LVL 1.2 million.</p>	
			– By improving attractiveness of the primary professional education programmes for young persons, in order to increase their share in obtaining professional education and qualification	2007–2010	<p>Implementation of 2007–2013 EU structural funds activity <i>“Promotion of attractiveness of the primary professional education”</i> has been launched aimed at increasing the share of young persons in obtaining professional education and qualification. Available financing – LVL 25.5 million.</p> <p>On April 24, 2009, the Cabinet of Ministers approved the informative report <i>“On planned structural changes in the education sector, the procedure of their implementation and potential benefits”</i>, which sets a goal for 2009–2012 to ensure a more efficient spending of public financing by promoting the availability of all level high quality and resource-efficient education and the development of science for the sustainability and competitiveness of the country.</p>	Ministry of Education and Science
			– By improving the implementation’s quality of primary professional education programmes and providing balanced mastering of competences and skills for professional activity and continuation of education	2008–2010	<p>During the programming period of EU structural funds for 2007–2013, it is planned to implement the activity <i>“Development of the Qualification System of Sectors and Restructuring of the Professional Education”</i>. Total financing – LVL 3 million.</p>	Ministry of Education and Science
			– By promoting the offer of appropriate education and further education opportunities to the young persons of the compulsory education age with low basic skills in social correction institutions and	2008–2010	<p>The project selection procedure has been completed for 2007–2013 EU structural funds activity <i>“Support for the implementation of measures for reduction of social exclusion risk of young persons and integration of young persons with functional disorders into education”</i>.</p> <p>Support centres are operating for persons with special needs so that they could</p>	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
			young persons with functional disorders		determine their professional suitability and receive information on rehabilitation opportunities and on obtaining professional qualification close to their place of residence. In the framework of the Social Integration Centre's project " <i>Promoting the employment of disabled persons</i> ", a further education programme is being implemented – teachers are obtaining knowledge on causes and peculiarities of disability and their observation in the teaching process. In 2008, about 149 students with special needs were participating in the publicly financed professional education programmes. On December 2, 2008, amendments were approved to the Cabinet of Ministers Regulations No. 655 of October 2, 2007 on the minimum implementation costs of the professional education programme per each student (coming into force on January 1, 2010) to reduce the obstacles for disabled persons to perform economic activity due to insufficient education.	
			– By increasing the competence of teachers involved in professional education	2008-2010	The selection procedure of project applications for 2007–2013 EU structural funds planning period activity " <i>Increasing competence of teachers involved in professional education</i> " has been launched. Available financing – LVL 11.2 million.	Ministry of Education and Science
			– By improving the infrastructure ensuring implementation of professional education programmes	2008-2010	The 1 st selection round of project applications for 2007–2013 EU structural funds planning period activity " <i>Modernisation of the study equipment and improvement of infrastructure for implementation of professional education programmes</i> " has been launched. Planned public financing – LVL 58.9 million.	Ministry of Education and Science
			– By providing the status of a listener in higher education institutions and joint study programmes in higher education institutions in Latvia	2008 2009	On 16 October, 2008, the Saeima in the 1 st reading adopted the <i>Draft Law on Higher Education</i> – provisions have been included defining the opportunity for students to obtain study modules or study courses in the linked higher education institutions. In the 1 st half of 2009, the draft law was submitted for the 2 nd reading in the Education, Culture and Science Committee of the Saeima.	Ministry of Education and Science
			– By improving the general secondary education content, improving the study methods and assessment system of study achievements	2008	Implementation of 2007–2009 EU structural funds planning period project " <i>Natural sciences and mathematics</i> " has been launched, in the framework of which in cooperation with schools, higher education institutions, scientific institutions and entrepreneurs, the content of the learning material and teaching quality is improved for the forms 7–9.	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2009	<p>In the 1st half of 2009, 10 programmes have been prepared for approbation; 800 teachers will be trained.</p> <p>In the 2nd half of 2009, the approbation of the methodical learning materials is taking place. It is planned to provide 14 pilot schools – primary schools with modern equipment for approbation purposes. Electronic learning tools have been developed.</p> <p>Financing in 2009 – LVL 1 million, in 2010 – LVL 1.2 million.</p> <p>96 pupils have been involved in the measures promoting the interest of pupils, in cooperation with enterprises.</p> <p>Electronic visual tools for teachers have been developed.</p> <p>The development of e-materials for e-environment for 4 study subjects has been continued.</p> <p>For the professional improvement process, the approbation of 8 programmes has been launched; it is planned to train 200 teachers for the work with the modernised content.</p> <p>The e-environment opportunities will be available at www.dzm.lv.</p>	
				2010	<p>In 2010:</p> <ul style="list-style-type: none"> – approbation of the methodical learning materials will continue; – improvement of the methodical learning material and assessment system of pupil study achievements will be implemented; – a monitoring system model will be developed for 2 study subjects and it will be approbated in practice; – study programmes for teachers will be improved. <p>It is planned to involve 192 pupils in the measures promoting the interest of pupils.</p>	
			– By applying education services to socially excluded groups of population	2005-2008	<p>In 2008, the implementation of 2004–2006 EU structural funds activity “<i>Integration of young persons with special needs into the education system</i>” was completed. 36 projects have been implemented. Available financing – LVL 1.38 million.</p>	Ministry of Education and Science, Ministry of Welfare
				2008-2013	<p>In 2008–2013, it is planned to establish the <i>Education support system for children and young persons with special needs</i>, which will be the basis for the higher education system and for the local governments, promoting the development of inclusive education. ESF financing – LVL 2.1 million.</p> <p>In 2007–2013, the EU structural funds activities “<i>Establishment of a support system of inclusive education and young persons subjected to social exclusion risk, preparation of the required personnel, provision and raising competence</i>” and “<i>Support to implementation of measures to reduce</i></p>	

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p><i>social exclusion risk of young persons and integration of young persons with functional disorders into education</i> are planned.</p> <p>In 2008, the activity “<i>Support to implementation of the lifelong learning policy guidelines</i>” has been developed. It is planned to improve the availability of education to adults, especially in the social exclusion risk groups. The planned ESF financing in 2009 – LVL 1.4 million. In accordance with the Cabinet of Ministers decision, the financing has been reduced by 50% and its administering has been delegated to the Ministry of Welfare. Full implementation of activity and absorption of financing is planned to be launched in January 2010.</p> <p>In 2010–2013, it is planned to involve 20 000 persons exposed to unemployment risk in training by using the “training voucher” method (i.e. freely choosing the necessary training).</p>	
		3.5.3.	To increase the availability of higher education and its conformity with the labour market needs			
			– By increasing the number of study places financed from the state budget in natural sciences, engineering sciences, environmental sciences	2005–2010	In 2008 and 2009, the number of budget financed study places has not changed significantly, and, in 2010, it is not planned to increase this number. In 2009, <i>natural sciences and engineering sciences study programmes</i> have been granted 41% of all budget financed study places. Even after all budget reduction measures, in 2009, the grant to all higher education institutions of the Ministry of Education and Science is LVL 36.8 million, from which approximately LVL 27.4 million for 13 000 study places in priority sectors (the remaining 6850 study places shall receive a grant in the amount of approximately LVL 9.4 million).	Ministry of Education and Science
			– By increasing the amount of student loans and scholarship funds in higher education institutions	2005–2008 2009 2010	<p>In 2008, the number of student loan beneficiaries was 6720 and of study loans – 12 986 beneficiaries. 2857 loans have been repaid from the state budget, including 1427 study loans.</p> <p>In the 1st half of 2009, the number of student loan beneficiaries was 4649 and of study loans – 9453 beneficiaries. 1354 loans have been repaid from the state budget, including 717 study loans.</p> <p>For the whole 2009, the number of student loan beneficiaries is planned to be 6122 and of study loans – 10 716 beneficiaries. 4345 loans will be repaid from the state budget, including 2590 study loans.</p> <p>For 2010, the number of student loan beneficiaries is planned to be 5801 and of study loans – 9749 beneficiaries. 5008 loans will be repaid from the state budget,</p>	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					including 3013 study loans.	
			–By establishing the set of normative measures to ensure practice for students, acquiring modern technologies for research institutes, where education process and innovations are ensured, supporting entrepreneurs, who provide places of practice, creating system of employer and employee co-operation agreements	2005-2009 2007-2013	177 projects have been implemented in the framework of 2004–2006 EU structural funds activity “ <i>Support to provision of study practices for professional education and higher education students</i> ”. The study practice content has been improved, the study methodical materials have been developed and the study practice has been improved. Total financing available for the activity – LVL 975 thousand. The implementation of 2007–2013 ESF activity “ <i>Improvement of study programme contents, its implementation and competence of academic personnel</i> ” has been launched. Total financing – LVL 6.6 million. In the 2 nd half of 2009 and in 2010, it is planned to provide support to the development of the professional higher education, including the provision of practice in enterprises.	Ministry of Education and Science
		3.5.4.	To improve life-long learning system			
			– By developing and implementing the life-long learning strategy	2007-2013	In 2008, the implementation of 2004–2006 EU structural funds national programme “ <i>Development and implementation of life-long learning strategy</i> ” was completed. Financing for 2008 – LVL 945.7 thousand. Life-long learning networks were established in each planning region and in Riga, 743 life-long learning coordinators were trained, 6 action plans for the implementation of the life-long learning strategy were developed and a single national life-long learning strategy was developed, as well as the society was informed. On April 9, 2008, the Cabinet of Ministers adopted the <i>Programme for Implementation of Life-Long Learning Policy Guidelines for 2007–2013 in 2008–2010</i> . Taking into account the current economic situation and the new distribution of the available financing from the structural funds, <i>Amendments to the Programme for Implementation of Life-Long Learning Policy Guidelines for 2007–2013 in 2008</i> were developed, which foresee the following: – to grant priority to the adult education supply, which will be oriented to the acquisition of sustainable knowledge, skills and competencies compliant with the needs of the labour market, by facilitating the access of citizens to formal and informal life-long learning; – to extend the term of the programme until 2013, as well as for more efficient cooperation among institutions responsible for the implementation and coordination of the measures; – to ensure the transfer of the education	Ministry of Education and Science, Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>supply to the framework based on study achievements;</p> <ul style="list-style-type: none"> – to establish efficient, based on labour market demand professional (primary and further) education system; – to provide career services; – to provide territorial accessibility of general and professional education institutions to students; – to provide interdepartmental coordination of all level education at the level of ministries and social partners, etc. <p>Concrete activities have already been started in several directions. In 2010, it is planned:</p> <ul style="list-style-type: none"> – to develop the national qualifications framework and its levels will be adjusted with the European Qualifications Framework; – to improve the structure of professional education and to balance the conditions of acquisition of general secondary and professional secondary education; – to improve the system of labour market forecasting and the system of labour market analyses and forecasts, in order to ensure the education supply, as well as to ensure the operation of recognition system of informal knowledge, skills and competencies, and to define the qualification requirements for the teachers of informal adult education; – to provide the career education in general, professional and higher education institutions. <p>In accordance with the Decision of the Cabinet of Ministers of April 21, 2009, the administering of 2007–2013 EU structural funds planning period activity “<i>Support to implementation of the Lifelong Learning Policy Guidelines</i>” was delegated to the Ministry of Welfare.</p>	
			– By increasing availability of lifelong learning	2008	<p>In 2008:</p> <ul style="list-style-type: none"> – the <i>Action plan for the implementation of the informal education recognition system</i> has been developed; – <i>Amendments to the Law on Professional Education</i> have been developed defining recognition of informal education, informal education recognition institutions and professional competencies, as well as stipulating that the Professional Education Administration in addition to other authority provided for in the normative acts shall license the informal education recognition institutions; – measures have been implemented to ensure the inclusion of persons, who 	Ministry of Education and Science, Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2010-2013	<p>have prematurely left studies, in the life-long learning system: support to the practical implementation of the informal education recognition system and adjusting the evening (shift) school programmes to the needs of adults without basic or secondary education;</p> <ul style="list-style-type: none"> – evening/extramural secondary schools have licensed 15 new education programmes; – 11 catch-up education programmes have been licensed. Pupils not having obtained a certificate of basic education are provided with the opportunity to study in accordance with the catch-up programme. <p>The SEA will implement the measure “Support to implementation of the Lifelong Learning Policy Guidelines”. Total financing – LVL 5.4 million. The absorption of financing is planned to be launched in January 2010. The activity implementation plan is being developed, accordingly, for 2010–2013, involving 25 000 persons exposed to the unemployment risk in the measures.</p>	
			– By establishing a lifelong learning system, paying particular attention to qualitative and flexible supply of lifelong learning programmes	2008	<p>In 2008:</p> <ul style="list-style-type: none"> – evening/extramural secondary schools have licensed 15 new education programmes and 11 catch-up education programmes; – resources have been provided from the state budget for the budget places of correction education programmes; – basic education pedagogical correction education programmes for adults have been developed and implemented; – 5 social correction education programmes have been developed and implemented; – 39 pedagogical correction education programmes have been licensed; – the implementation of 2004–2006 EU structural funds activity “Development, approbation and implementation of the pedagogical correction programmes for prisoners” was completed; 2 pedagogical correction education programmes have been developed and licensed, and these programmes have been mastered by 253 prisoners in 8 places of imprisonment; – 6 methodical materials for children with special needs have been developed (state budget in the amount of LVL 12 492); – 40 multipliers have been prepared for the implementation of the teacher further education programme. 	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2009	<p>In 2009:</p> <ul style="list-style-type: none"> – the <i>Programme for the implementation of the education policy guidelines for imprisoned persons for 2006–2012</i> has been developed; – in the framework of the EEA NO financial instrument priority “Development of Human Resources and Education”, a project has been launched envisaging the training of teachers of professional education institutions and of professional further education for adults for the improvement of their professional competencies; – the work on the development of the Cabinet of Ministers draft regulations regarding the activity “<i>Support to special life-long learning policy fields</i>” is continuing; one of the target groups of this activity is the imprisoned and released persons. <p>Students with special needs have been provided with corresponding study programmes. At the moment, 1327 education programmes have been licensed. In order to improve the quality, 6 different methodical materials for children with special needs have been developed.</p>	
			– By increasing the overall level of technological skills and natural sciences	<p>2008</p> <p>2007–2013</p>	<p>In 2008, the implementation of 2004–2006 EU structural funds activity “<i>Development of the Study Content and Further Education of Teachers in Natural Sciences, Mathematics and Technologies</i>” was completed. The study content in natural sciences and mathematics has been modernised. Relevant teachers’ support tools have been developed. In the framework of the project, 261 teachers participated in the approbation of the new education programmes of natural sciences and mathematics, including the training for the teaching of the new programmes. In 8 imprisonment places, the professional learning cabinets and workshops have been modernised.</p> <p>As from the academic year 2008/2009, the centralized exam in mathematics is set as compulsory for all secondary school graduates.</p> <p>The 1st selection round of project applications for 2007–2013 EU structural funds activity “<i>Modernisation of the study equipment and improvement of infrastructure for implementation of professional education programmes</i>” has been launched. Planned public financing – LVL 58.9 million. In the framework of the EEA NO financial instrument priority “Development of Human Resources and Education”, in</p>	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					2009, a project has been launched, which foresees in 2010 training for teachers of general education schools for the use of multimedia teaching materials.	
			– By equipping the cabinets of natural sciences of general education institutions with modern equipment	2005-2008 2007-2013	In 2008, the implementation of 2004–2006 EU structural funds activity <i>“Development of the Study Content and Further Education of Teachers in Natural Sciences, Mathematics and Technologies”</i> was completed. 50 secondary schools were supplied with technologies and modernised study equipment in physics, chemistry, biology, natural sciences and mathematics. Implementation of EU structural funds project <i>“Natural sciences and mathematics”</i> has been launched, in the framework of which in cooperation with schools, higher education institutions, scientific institutions and entrepreneurs, the content of the subjects and quality of its mastering is improved for the forms 7–9. Implementation of EU structural funds activity <i>“Provision of the material base appropriate for qualitative acquisition of natural sciences”</i> has been launched. Financing will be granted to 4 cabinets for equipment provision (technical equipment) necessary for the implementation of general secondary education programme. It is planned to equip the cabinets with the necessary information technologies ensuring 25 work places in a single cabinet or several cabinets for work with a computer in mathematics, natural sciences and machinery of general secondary education programme. In 2009, 112 project applications have been approved and the implementation of the project has been launched. Total financing available for the activity – LVL 22.5 million.	Ministry of Education and Science
			– By improving the professional orientation system	2005-2011	In 2008, the implementation of 2004–2006 EU structural funds activity <i>“Provision of career education programmes in education system”</i> was completed. The base was provided for career education for the forms 7–9 and forms 10–12 in general education institutions, as well as in professional secondary schools. Additional education was provided to teachers working in education institutions. Methodical and informative materials have been developed and distributed. A new professional master study programme has been developed in e-format for acquisition of a career consultant qualification. In 2008, additional education was acquired by 5390 teachers working in education institutions, informative materials have	Ministry of Education and Science, Ministry of Welfare

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>been developed for 3 sectors of the economy (metal working, chemistry/pharmaceutics and construction).</p> <p>In 2008, the implementation of projects of 2004–2006 EU structural funds activity “<i>Support to the professional orientation and counselling measures in education institutions</i>” was completed (see 3.5.2).</p> <p>In 2008, the activity “<i>Development of professional orientation and career education in education system</i>” has been developed. It is planned to improve the methodical support to career education and to establish career consultation pilot centres for young persons in general and professional education institutions, as well as to improve the implementation of interest education. The implementation period of the project is 2009–2011. Planned ESF financing – LVL 3.9 million. In 2008 – LVL 0.5 million. With the decision of the Cabinet of Ministers of April 21, 2009, the implementation has been postponed.</p>	
		3.5.5.	To implement the projects of the new Latvian National Library and digital library			
			<p>– By constructing a new and modern building of the National Library, as well as by implementing the digital library project, creating ICT provision and digital content, ensuring availability of services in the whole country</p>	2005–2012	<p>The construction work agreement of the Latvian National Library (hereinafter – LNL) has been concluded, in July 2008 construction work was started.</p> <p>In April 2009, the LNL overground construction work was started. By November 2009, it is planned to complete the “zero round” of the construction work, and by the end of the year it is planned to complete construction frame of the building up to the 4th floor. The total financing for implementation of the activity in 2009 amounts to LVL 26.41 million. Taking into account the current economic situation, the LNL financing for 2010 has been reduced and is currently planned to be in the amount of LVL 26.1 million. The main task for 2010 is to complete fully the construction of the frame of the building and the damp-proof-course.</p> <p>The Digital Library Project is also being implemented. Financing for 2008 – LVL 1 million, for 2009 – LVL 0.13 million. In 2010, the financing is planned in the amount of LVL 0.5 million.</p> <p>In the framework of the project, in 2008, the development of technical infrastructure, development of the metadata standards of the digital library, training of employees, etc. has been ensured.</p> <p>In 2008–2009, a digital object administration and repository system has</p>	Ministry of Culture

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>been developed and implemented for secure lifelong digital object storage and the migration of all existing collections (24 in total) to the new system has been initiated.</p> <p>In the end of 2009 and in 2010, it is planned to publicise the described digital object administration system and to update its data.</p> <p>In 2009–2011, the development of the digital library will be financed with the help of EU structural funds co-financing – LVL 3.6 million in total.</p>	
	3.6.	Availability and Quality of Education System				
		3.6.1.	To improve study programmes in accordance with the labour market needs			
			<p>– By conducting an analysis of the labour market demand and, on its basis, updating the Classification of Occupations and fields of studies</p>	<p>2005-2008</p> <p>2009</p>	<p>Since the beginning of 2008, the occupation classificatory includes profession standards of study programmes. The SEA also prepares and updates the list of professions necessary for professional training: 1) by taking into account the number of vacancies in certain professions registered in the SEA's data base; 2) according to the proposals of the profession list approving committee and results of the short-term labour market forecasting of the SEA; 3) upon a written request of employer.</p> <p>In 2009, the SEA has developed a report <i>"Forecasts of the labour market development trends in 2009"</i>, which contains forecasts of the list of professions necessary in the labour market, and, on the basis of these forecasts, the SEA has updated the list of courses. In 2009, the SEA is planning to organise professional training, retraining and improvement of qualification in the professions of 102 different sectors.</p> <p>In July 2009, the Cabinet of Ministers reviewed the informative report on the revision of 1–3 level professional education programmes. A decree has been prepared for the enrolment of students in professional education institutions (7560 students). In the 2nd half of 2009, a decree is being prepared for the enrolment of additional students in professional education institutions.</p>	<p>Ministry of Education and Science, Ministry of Welfare</p>
			<p>– By ensuring acquisition of basic business knowledge in professional education programmes</p>	<p>2007-2010</p>	<p>The content of general education subjects for 2008 has been developed.</p> <p>In 2008, the subject "Basics of business economics" has been replaced with <i>"Economics"</i>. The aim of the new standard is directed towards understanding of the economic processes and towards skill development.</p> <p>On December 22, 2008, amendments to</p>	<p>Ministry of Education and Science</p>

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					the Cabinet of Ministers Regulations No. 211 of June 27, 2007 on the national professional secondary education standard and the national vocational education standard were approved, to improve the compulsory general educational content of professional secondary education and vocational education.	
			– By improving and developing business education	2006-2010	The issues related to financial services, as well as overall economic processes are included in the content of standards of the primary education subjects, for example, <i>Social sciences, Housekeeping and technologies</i> . The topics related to improvement of the acquisition of the financial education issues and overall economic processes are also included in the draft standards of general secondary education subjects <i>Economics</i> and <i>Households</i> . On September 1, 2009, the Cabinet of Ministers regulations had been approved on the national general secondary education standard and standards of the general education subjects.	Ministry of Education and Science
			– By increasing accessibility of higher education and conformity with labour market needs	2008-2009	With the Cabinet of Ministers decree No. 30 of January 16, 2009 the concept “ <i>The breakdown model of the higher education study programmes into sectors relevant for the development of the country</i> ” was adopted – the aim is to promote the provision of specialists prepared by the higher education institutions in compliance with the forecasts regarding the labour force demand. In the framework of the EEA NO financial instrument priority “Development of Human Resources and Education”, in 2008 and in 2009, 6 projects have been launched, which will result in the development of 2 interdisciplinary higher education programmes in the field of creative industries, 1 interdisciplinary programme in the field of creative psychology, 1 – in the field of environmental and health protection, 1 – in the field of environmental education and 1 in the field of management training.	Ministry of Education and Science
			– By reorganizing administratively complicated and expensive process of receiving licenses and accreditation procedures	2005-2010	In 2008, 61 study programme licenses have been granted from which 21 are for new programmes in the respective high school or college and 2 for new programmes in the country in general. In 2008, 81 study programmes and 2 colleges have been accredited. On April 15, 2008, amendments to the Cabinet of Ministers Regulations No. 9 of January 3, 2006 “Procedures for licensing general and professional education programmes” to rationalise the licensing	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					<p>procedure of professional basic education, vocational education, professional secondary education, professional orientation education, professional improvement and professional further education programmes.</p> <p>On July 14, 2009, the “Procedure for accrediting professional education programmes, education institutions and examination centres” was adopted. It foresees implementation of efficient public administration functions by reducing bureaucratic apparatus, as well as by ensuring the optimal use of state budget resources.</p> <p>Amendments to the Cabinet of Ministers Regulations No. 9 of January 3, 2006 “Procedures for licensing general and professional education programmes” have been adopted to include a mechanism for reducing the licensing expenditures in the circumstances of reduced state budget resources.</p> <p>The Cabinet of Ministers regulations “Procedures for licensing general and professional education programmes” have been adopted. The previous Cabinet of Ministers Regulations (No. 9) has lapsed.</p>	
			– By informing more widely the potential students about the possibilities in different fields of studies	<p>2005-2008</p> <p>2007-2013</p>	<p>In 2008, the implementation of 2004–2006 EU structural funds activity “<i>Development of the Study Content and Further Education of Teachers in Natural Sciences, Mathematics and Technologies</i>” was completed. The aim was to improve the quality of studies in the field of natural sciences, mathematics and technologies for the secondary education in Latvia. The homepage of Higher Education Quality Assessment Commission www.aikenc.lv is maintained and updated on a regular basis.</p> <p>Implementation of EU structural funds project “<i>Natural sciences and mathematics</i>” has been launched, in the framework of which in cooperation with schools, higher education institutions, scientific institutions and entrepreneurs, the content of the subject and quality of its acquisition is improved in the forms 7–9.</p>	Ministry of Education and Science
		3.6.2.	To establish quality assurance system of professional education			
			– By improving the infrastructure of professional education institutions	2005-2008	In 2008, the implementation of 2004–2006 EU structural funds activity “ <i>Renovation of professional education institutions and modernisation of study equipment</i> ” was completed. The infrastructure has been modernised in 25 education institutions, including the renovation of 12 institutions and providing access for persons with	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2007-2013	functional disorders in 2 institutions. Available financing – LVL 3.7 million. It is planned to implement the EU structural funds activity <i>“Modernisation of study equipment and improvement of infrastructure for implementation of professional education programmes”</i> . Planned public financing – LVL 58.9 million. The 1 st selection round of the project applications has been launched.	
			– By working out a single methodology for raising the quality of professional education, as well as attraction and education of social partners	2007-2013	During the planning period of EU structural funds for 2007–2013, it is planned to implement the activity <i>“Development of the Sector Qualification System and Restructuring of the Professional Education”</i> . Total financing – LVL 3 million.	Ministry of Education and Science
			– By ensuring operation of Trilateral Co-operation Sub-council of Professional Education and Employment and ensuring efficient operation of the regional councils	2005-2010	In 2008, 5 regional councils were operating. In 2008, the following tasks were implemented (financing – LVL 20.5 thousand): – the capacity of the Trilateral Co-operation Sub-council of Professional Education and Employment has been strengthened and its operation has been expanded; – the operation of regional professional education and employment councils has been ensured in all planning regions by activating their operation in determining the supply of education programmes; – the capacity of the involved partners, especially of the Trilateral Co-operation Sub-council of Professional Education and Employment and its regional councils and social partners has been strengthened. Taking into account that the financing for 2009 was not granted, the operation of the regional councils was not ensured.	Ministry of Education and Science
		3.6.3.	To increase student mobility opportunities for improvement of education and acquisition of particular professions			
			– By ensuring additional financing for student scholarships and academic staff scholarships in Socrates/Erasmus programmes	2005-2010	As from January 1, 2007 the <i>Erasmus</i> programme is a sub-programme of the Lifelong Learning Programme. In the 2 nd half of 2009 and in 2010, it is planned to continue the mobility of students, university lecturers and personnel of higher education institutions. 4 contracts have been concluded on intensive programme projects, which will be implemented during the period of September 1, 2009– August 31, 2010. For the academic year of 2009/2010, the mobility has been granted with financing in the amount of LVL 1.2 million from 2009 budget, and financing in the amount of LVL 1.5 million is planned from the	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					2010 budget for mobility in 2010/2011. It is planned that the number of <i>Erasmus</i> students participating in 2009/2010 mobility will be 1300, from which 1000 students will be participating in studies and 300 students – in practical work. Also, 350 university lecturers and 350 employees of high schools will be participating in <i>Erasmus</i> .	
			– By ensuring opportunities for students and creating a mechanism of financing for acquisition of study courses in related higher education institutions in Latvia	2008-2010	The measure is included in the Draft Law on Higher Education, adopted in the Saeima during the 1 st reading. The 2 nd reading of the draft law has not taken place yet.	Ministry of Education and Science
		3.6.4.	To ensure high-quality comprehensive services of professional orientation			
			– By introducing professional orientation information measures in education institutions	2005-2008 2009-2010	In 2008, the implementation of 2004–2006 EU structural funds project “ <i>Provision of career education programmes in education system</i> ” was completed. The base was provided for career education for the forms 7–9 and forms 10–12 in the general education institutions, as well as in the professional secondary schools. Financing available for the activity – LVL 1.6 million. In 2008, the implementation of 2004–2006 EU structural funds activity’s “ <i>Professional orientation and counselling measures in education institutions</i> ” project was completed (see 3.5.2). In the 2 nd half of 2009, “ <i>Examples of good practices of schools for the implementation of career education</i> ” will be published. Proposals for the assessment of career education will be developed and a thematic conference will be organised. In 2010, in the framework of the available budget, information will be updated and search functions will be expanded in the <i>NIID.LV</i> database. Informative workshops will be organised in schools and new local governments (upon request).	Ministry of Education and Science
			– By developing and updating 60 professional standards and programmes in accordance with labour market requirements	2005-2010	Professional education administration plans annually the financing in the amount of about LVL 7 thousand for development of professional standards. In 2008, 20 professional standards have been developed and updated for the total financing of LVL 10 023 (qualification level 1–3). In 2008, 14 professional standards, in cooperation with social partners, have been developed, updated and approved in the Cabinet of Ministers for the qualification level 4–5. In the 1 st half of 2009, 15 professional standards have been developed, updated and approved in the Cabinet of Ministers, while in the 2 nd half of 2009, it is planned	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
				2007-2013	to approve 8 professional standards. It is planned to implement the EU structural funds activity "Development of the Sector Qualification System and Restructuring of the Professional Education". Total financing – LVL 3 million.	
		3.6.5.	To adapt education services to socially excluded population groups			
			– By introducing distance learning and modern information and communications technology methods more widely in the process of obtaining professional education	2005-2008	In 2008, the implementation of the EU structural funds activity was completed. 36 projects were implemented, which were directed to the integration of young persons with special needs in the education system. Financing available for the activity – LVL 1.4 million.	Ministry of Education and Science
			– By ensuring preventive activity for reduction of social exclusion risk and development of inclusive education	2005-2008 2007-2013	In 2008, 28 projects implemented in the framework of 2004–2006 EU structural funds were completed. The projects were directed to the development and introduction of pedagogical correction programmes. Total financing – LVL 1 million. In 2008, the implementation of the EU structural funds activity was completed. 36 projects were implemented. They were directed towards integration of young persons with special needs in the education system. Financing available for the activity – LVL 1.4 million. Implementation of the EU structural funds activities "Establishment of a support system of inclusive education and young persons subjected to social exclusion risk, preparation of the required personnel, provision and raising competence" and "Support to implementation of measures to reduce social exclusion risk of young persons and integration of young persons with functional disorders into education" is planned.	Ministry of Education and Science
			– By improving study environment in special education institutions and adjusting the general education institutions to students with movement disorders	2007-2013	The absorption of the ESF project financing has been delayed. In 2008, 8 new study subject programmes for students with mental development disorders have been approved. In the 2 nd half of 2008, the State Special Education Centre developed the methodical recommendations for individual education plans. The Cabinet of Ministers Regulations (No. 264) of April 15, 2008 on the procedure of state examinations in accredited education programmes define the availability of the support measures for students with special needs during state examinations. Due to the limited financial resources, the implementation of amendments to the Cabinet of Ministers Regulations No. 395 of May 16, 2006 on the content and procedure of centralized exams, which	Ministry of Education and Science

Measures of the National Lisbon Programme of Latvia				Years	Implementation and financing of measures	Responsible institution
					would provide the provision of support measures to students with special needs, has been postponed. On July 15, 2009, 9 education programmes for students with special needs have been approved. In the 1 st half of 2009, the methodical recommendations for the work of school support team have been approved. Implementation of the EU structural funds activities “ <i>Infrastructure improvement of general education institutions for students with functional disorders</i> ” and “ <i>Infrastructure improvement of special education institutions for students with functional disorders</i> ” has been initiated.	
			– By improving professional rehabilitation services, establishing the regional subsidiaries network of the Social Integration State Agency (SISA), as well as increasing the number of professional rehabilitation programmes	2008-2013	Such measures will be implemented as “ <i>Complex support measures for integration of population into the labour market</i> ” (EUR 21.66 million) and “ <i>Development of social rehabilitation measures for the persons with visual and hearing disorders</i> ” (EUR 5.38 million). In total, in 2008, 21 accredited education programmes were available. Also in 2009, 21 education programmes are available, however, students are obtaining 15 of them. The SISA support points are operating in 8 cities.	Ministry of Welfare

Status of Implementation of the Single Programming Document Activities as of March 30, 2009

No.	Activity	NLPL sections	Financing			Refunds for recipients of SF financing, million LVL
			Total financing available for measure/activity in 2004-2006, million LVL	EU, million LVL	LV, million LVL	
Priority 1: Promotion of balanced development			195.7	148.1	47.6	157.4
incl. Priority 1: Promotion of balanced development in NLPL sections			183.9 ¹	139.2	44.7	148.5
Measure 1.1: Improvement of environmental infrastructure and promotion of tourism		2.1.5. Sustainability of resources (is related to Activities 1.1.1, 1.1.2, 1.1.3, 1.1.4)	59.2	44.4	14.8	45.3
Measure 1.2.: Development of accessibility and transport system		2.2.5. Infrastructure	83.9	62.9	21.0	70.2
Measure 1.3: Development of information and communication technologies		2.1.3. Information society	19.1	14.3	4.8	14.6
Measure 1.4: Development of education, health care and social infrastructure		3.4. Education and skills	33.5	26.5	7.0	27.3
Priority 2: Promotion of business activity and innovations			146.5	109.9	36.6	119.4
incl. Priority 2: Promotion of business activity and innovations in NLPL sections			58.1	43.6	14.5	50.4
Measure 2.1: Support to promotion of innovation development		2.1.2. Innovations	3.1	2.4	0.8	2.4
Measure 2.2: Development of infrastructure fostering business			88.5	66.4	22.1	69.0
Measure 2.3: Support to promotion of development of SME's		2.2.4. Small and Medium-Sized Enterprises	5.0	3.76	1.3	3.8
Measure 2.4: Access to financing for SME's		2.2.4. Small and Medium-Sized Enterprises	24.1	18.1	6.0	21.2

¹ Financing is shown without the financing of the SPD 1.1.5 and 1.1.6 activity in accordance with the distribution plan of the ERDF activity financing, which has been coordinated in the written procedure with the governing body of the ERDF with the decision of September 16, 2008 No. L-ERDF/2008/89.

No.	Activity	NLPL sections	Financing			Refunds for recipients of SF financing, million LVL
			Total financing available for measure/activity in 2004-2006, million LVL	EU, million LVL	LV, million LVL	
	Measure 2.5: Support to public research	2.1.1. Research and Development	25.7	19.3	6.4	23.0
	Priority 3: Development of human resources and promotion of employment		116.4¹	88.4	28.0	90.1
	incl. Priority 3: Development of human resources and promotion of employment in NLPL sections		116.4	88.4	28.0	90.1
	Measure 3.1: Promotion of employment	3.2. Labour supply	44.4	33.3	11.09	33.4
	Measure 3.2: Development of education and further education	3.2. Labour supply	46.1	34.6	11.5	35.8
	Measure 3.3: Elimination of social exclusion	3.2. Labour supply	25.8	20.5	5.3	20.9
	Priority 4: Promotion of development of agriculture and fisheries		120.4	81.3	39.1	84.5
	incl. Priority 4: Promotion of development of agriculture and fisheries in NLPL sections		74.4	47.5	26.9	47.1
	Measure 4.1 Investment in agricultural enterprises	2.2.4. Small and Medium-Sized Enterprises	38.6	22.4	16.2	22.2
	Measure 4.2 Support for new farmers	2.2.4. Small and Medium-Sized Enterprises	4.8	3.6	1.2	3.6
	Measure 4.3 Improvement of processing and marketing of agricultural products	2.2.4. Small and Medium-Sized Enterprises	19.1	13.7	5.4	13.7
	Measure 4.4 Promotion of transformation and development of rural areas		22.4	15.6	6.8	18.5
	Measure 4.5 Development of forestry		8.2	6.0	2.2	5.9
	Measure 4.6 Development of local capacity (LEADER + type measure)		2.1	1.6	0.5	1.6
	Measure 4.7 Training	2.2.4. Small and Medium-Sized	1.7	1.3	0.4	1.3

¹ Previously, the total ESF sum has been shown here, which is not correct, because only Priority 3 is required here (excluding Priority 5 – Technical assistance).

No.	Activity	NLPL sections	Financing			Refunds for recipients of SF financing, million LVL
			Total financing available for measure/activity in 2004-2006, million LVL	EU, million LVL	LV, million LVL	
		Enterprises				
	Measure 4.8 Balancing fishing intensity		11.6	9.3	2.3	9.9
	Measure 4.9 Fleet renewal and modernisation of fishing-boats	2.2.4. Small and Medium-Sized Enterprises	0.31	0.27	0.039	0.2
	Measure 4.10 Improvement of processing and marketing of fishery and aquaculture products, fishing port facilities and aquaculture	2.2.4. Small and Medium-Sized Enterprises	9.9	6.2	3.7	6.1
	Measure 4.11 Development of coastal fishery, socio-economic measures, support of suspension of fishing activities and other financial compensations, promotion of conquering new markets and support to producer organisations		1.7	1.37	0.34	1.5
5. Technical assistance			15.9	11.9	4.0	11.9
incl. in NLPL sections			15.9	11.9	4.0	11.9
	Total		594.9	439.6	155.3	463.3
	NLPL		448.7	330.6	118.1	348
		NLPL % of the Single Programming Document	75		% of the total NLPL financing	77

**Status of Implementation of the Operational Programmes “Human Resources and Employment”,
“Entrepreneurship and Innovations”, “Infrastructure and Services” Activities as of July 31, 2009**

No.	Activity	Lisbon strategy codes by dimensions	Financing			Intermediate and final payments for recipients of SF financing, million LVL
			Total available public financing for the measure/activity in 2007-2013, million LVL (excluding private financing)	SF/CF financing, million LVL	National public financing, million LVL	
1. Operational programme „Human Resources and Employment”			444.95	387.00	57.95	5.38
incl. Operational Programme „Human Resources and Employment” for NLPL sections			145.08	129.74	15.34	3.01
Measure 1.3.1 „Employment”		62 (activity 1.3.1.9) 64 (activity 1.3.1.3, activity 1.3.1.7) 65 (activity 1.3.1.4) 66 (activity 1.3.1.1, activity 1.3.1.5) 68 (activity 1.3.1.2)	145.08	129.74	15.34	3.01
2. Operational Programme „Entrepreneurship and Innovations”			587.92	517.78	70.14	119.80
incl. Operational Programme „Entrepreneurship and Innovations” for NLPL sections			571.76	501.62	70.14	119.06
Measure 2.1.1 “Science, Research and Development”		01	180.43	153.97	26.46	0
Measure 2.1.2 “Innovations”		01 (activity 2.1.2.3) 03 (activity 2.1.2.1) 07 (activity 2.1.2.2, activity2.1.2.4)	184.03	158.69	25.34	0.09
Measure 2.2.1 “Availability of Financial Resources”		09	149.76	134.86	14.90	117.95
Measure 2.3.1 “Support Activities for Entrepreneurship”		05 (activity 2.3.1.2), 06 (activity 2.3.1.1)	11.69	11.28	0.41	0.11
Measure 2.3.2 “Improvement of Business Infrastructure and Equipment”		02 (activity 2.3.2.1) 03 (activity 2.3.2.3) 08 (activity 2.3.2.2)	45.85	42.82	3.03	0.91

No.	Activity	Lisbon strategy codes by dimensions	Financing			Intermediate and final payments for recipients of SF financing, million LVL
			Total available public financing for the measure/activity in 2007-2013, million LVL (excluding private financing)	SF/CF financing, million LVL	National public financing, million LVL	
3. Operational Programme „Infrastructure and Services”			2674.04	2279.23	394.81	31.75
incl. Operational Programme „Infrastructure and Services” for NLPL sections			1268.82	1074.26	194.56	3.06
Measure 3.1.4 “Employment and Social Services Infrastructure”		65 (activity 3.1.4.2)	2.47	2.10	0.37	0.27
Measure 3.2.1 “Development of Accessibility and Transport System”		20 (activity 3.2.1.1, activity 3.2.1.2, activity 3.2.1.3) 30 (activity 3.2.1.4)	249.79	212.32	37.47	2.76
Measure 3.2.2 “ICT Infrastructure and Services”		10 (activity 3.2.2.3, activity 3.2.2.4.1.a) 11 (activity 3.2.2.1, activity 3.2.2.4.2.a) 13 (activity 3.2.2.2)	156.33	132.88	23.45	0
Measure 3.3.1 “Improvement and Development of Large Scale Transport Infrastructure”		17 (activity 3.3.1.2) 21 (activity 3.3.1.1) 29 (activity 3.3.1.4) 30 (activity 3.3.1.3)	553.71	470.65	83.06	0
Measure 3.3.2 “Development of Sustainable Transport System”		16 (activity 3.3.2.1)	117.73	100.07	17.66	0
Measure 3.4.2 “Tourism”		9 (activity 3.4.2.1.1.a, activity 3.4.2.1.3.a) 11 (activity 3.4.2.2) 26 (activity 3.4.2.1.2.a)	18.19	15.46	2.73	0
Measure 3.4.4 “Energy Efficiency of Buildings”		43 (activity 3.4.4.1, activity 3.4.4.2)	53.56	51.25	2.31	0

No.	Activity	Lisbon strategy codes by dimensions	Financing			Intermediate and final payments for recipients of SF financing, million LVL
			Total available public financing for the measure/activity in 2007-2013, million LVL (excluding private financing)	SF/CF financing, million LVL	National public financing, million LVL	
	Measure 3.5.2 “Energy”	39 (activity 3.5.2.3) 42 (activity 3.5.2.4) 43 (activity 3.5.2.1, activity 3.5.2.2)	117.04	89.53	27.51	0
	Total		3706.91	3184.01	522.9	156.9
	NLPL		1985.66	1705.62	280.04	125.13
		NLPL % of Operational Programmes	53.56		% of the total NLPL public financing	6.3